NAYS—24.

Borah	Burkett	Dixon	Owen
Bourne	Burnham	Flint	Page
Bradley	Burrows	Gamble	Penrose
Brandegee	Clapp	Gronna	Smith, Mich.
Bristow	Crawford	La Follette	Smoot
Brown	Dick	Lorimer	Warner

NOT VOTING—42.

Aldrich	Dillingham	McCumber	Richardson
Bacon	du Pont	Money	Scott
Bailey	Fletcher	Nelson	Stephenson
Bulkeley	Foster	Newlands	Stone
Clark, Wyo.	Frazier	Nixon	Sutherland
Clarke, Ark.	Frye	Oliver	Taliaferro
Culberson	Gallinger	Overman	Terrell
Cullom	Guggenheim	Paynter	Tillman
Curtis	Hale	Perkins	Warren
Davis	Johnston	Piles	
Depew	Jones	Rayner	

Mr. WARREN (after having voted in the affirmative). I overlooked the fact for the moment that I was paired with the Senator from Mississippi [Mr. MONEY], and, although I believe he would vote on the same side of this question as I have voted, I will withdraw my vote and preserve the pair.

So the motion was agreed to; and (at 1 o'clock and 35 minutes a. m. Thursday, March 2, 1911) the Senate adjourned until Thursday, March 2, 1911, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *March 1, 1911.*

The House met at 11 o'clock a. m.

Prayer by the Chaplain, Rev. Henry N. Couden, D. D.

The Journal of the proceedings of yesterday was read and approved.

DAM ACROSS THE COLORADO RIVER, ARIZ.

The SPEAKER. The Chair lays before the House the bill (S. 10808) to authorize the Greeley-Arizona Irrigation Co. to build a dam across the Colorado River at or near Head Gate Rock, near Parker, in Yuma County, Ariz., which the Clerk will read, a similar House bill being on the calendar.

The Clerk read as follows:

Be it enacted, etc., That the Greeley-Arizona Irrigation Co., a corporation organized under the laws of Arizona, is hereby authorized to construct, maintain, and operate a diversion dam in and across the Colorado River at a place known as Head Gate Rock, near Parker, Yuma County, in the Territory of Arizona, in accordance with the provisions of the act approved June 23, 1910, entitled "An act to amend an act entitled 'An act to regulate the construction of dams across navigable waters,' approved June 21, 1906:" *Provided,* That the actual construction of said dam shall be begun within two years and completed within four years from the date of the passage of this act: *And provided further,* That the actual construction of said dam shall not be commenced until the plans and specifications therefor shall have been presented to and approved by the Secretary of the Interior in addition to the requirements of the act approved June 23, 1910, entitled "An act to amend an act entitled 'An act to regulate the construction of dams across navigable waters,' approved June 21, 1906," and, in approving the plans and specifications, the Secretary of the Interior may impose such conditions as to him shall seem proper for the protection of the public interests of Indians and the United States.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill, H. R. 32756, on the House Calendar was, by unanimous consent, ordered to lie on the table.

BRIDGE ACROSS THE OUACHITA RIVER, ARK.

The SPEAKER. The Chair also lays before the House the bill (S. 10882) to authorize the county of Ouachita, in the State of Arkansas, to construct a bridge across Ouachita River, which the Clerk will read, a similar House bill being on the calendar.

The Clerk read as follows:

Be it enacted, etc., That the county of Ouachita, in the State of Arkansas, be, and is hereby, authorized to construct, maintain, and operate a traffic bridge and approaches thereto across the Ouachita River at Camden, Ark., in accordance with the provisions of the act entitled "An act to regulate the construction of a bridge over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read the third time, was read the third time, and passed.

A similar House bill, H. R. 32908, on the House Calendar was, by unanimous consent, ordered to lie on the table.

EDWIN M. HACKER.

The SPEAKER. The Chair also lays before the House the bill (S. 10476) for the relief of Passed Asst. Paymaster Edwin M. Hacker, which the Clerk will read, a similar House bill being on the calendar.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to restore Passed Asst. Paymaster Edwin M. Hacker, United States Navy, to a place on the list of pay officers of the Navy, next after Passed Asst. Paymaster Thom Williamson, jr., United States Navy.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object.

The SPEAKER. What is the gentleman's objection?

Mr. STAFFORD. I oppose the passage of this bill.

Mr. AUSTIN. Mr. Speaker——

The SPEAKER. The gentleman from Tennessee is recognized.

Mr. AUSTIN. Mr. Speaker, a bill similar to this one has been unanimously reported from the House Committee on Naval Affairs. It has been recommended by the excellent Assistant Secretary of the Navy. I hope the gentleman from Wisconsin will not object to its passage. It is in every way a meritorious proposition. The bill is one in which I am not personally interested; it is really not of interest to my constituents, being an inherited proposition left to me by my late colleague, Mr. Brownlow. It is a measure in which he was very deeply concerned. Paymaster Hacker is a competent, worthy, and deserving official. He has been unfairly treated, unintentionally, and I appeal to the Members of this House to support this just bill.

In order that the merits of this bill may be fully understood I ask that the report of the Committee on Naval Affairs be read.

The report was read, as follows:

The Committee on Naval Affairs, to whom was referred the bill (S. 10476) for the relief of Passed Asst. Paymaster Edwin M. Hacker, having considered the same, report thereon with a recommendation that it pass, with the following amendments:

At the end of line 7 change comma to period.

Strike out lines 8 to 12, inclusive.

The bill as amended has the approval of the Navy Department, as will appear by the following communication:

DEPARTMENT OF THE NAVY,
Washington, February 10, 1911.

MY DEAR SENATOR: Referring to your letter dated January 27, 1911, transmitting a bill (S. 10476) "for the relief of Passed Asst. Paymaster Edwin M. Hacker," and requesting the department's opinion thereon, I have the honor to inform you as follows:

The act of March 3, 1903 (32 Stat., 1197), authorized the appointment of "26 additional passed assistant and assistant paymasters, in all 96," and for reasons which seemed controlling at that time to the department, this entire increase was placed in the lower of those two grades.

On January 1, 1908, Passed Asst. Paymaster Edwin M. Hacker, United States Navy, then an assistant paymaster, stood No. 3 in his grade.

Early in that year the department considered the matter of the promotion of the pay officers in the lower grades, and, being uncertain as to the proper construction of the law, asked for an opinion of the Attorney General upon the question, which opinion was rendered on February 19, 1908 (26 Op. A. G., 511), and of which the following is the syllabus:

"The number of passed assistant and assistant paymasters in the Navy to be appointed in each of the two grades under the act of March 3, 1903 (32 Stat., 1197), not being prescribed by that act, is necessarily left to Executive discretion, to be controlled by the general terms and regulations providing for the advancement of officers in the naval service.

"Nor is it required that the relative proportion of officers in each of those two grades shall remain always the same, a change in the proportion being within the discretion of the Executive, unless controlled by general laws or regulations."

In accordance with this opinion the department, on February 21, 1908, issued the following memorandum:

"It is directed that hereafter assistant paymasters shall be considered due for promotion to be passed assistant paymasters as soon as they have served three years in the grade of assistant paymaster: *Provided,* That the number of passed assistant paymasters shall not exceed 56."

As a result of this direction some 30 assistant paymasters were examined for promotion, one of whom was Mr. Hacker, who failed professionally, and, in accordance with law, was suspended from promotion for one year. It thus happened that about 28 of his juniors advanced above him, and it is from this excessive loss of numbers that the bill aims to give relief.

Subsequently, Mr. Hacker made application to the department for such action as might be necessary to restore to him the loss of numbers. This application was most favorably indorsed by the Chief of the Bureau of Supplies and Accounts, and Mr. Hacker's record being otherwise excellent, the department replied in part as follows:

"You are informed that under the circumstances, and after careful consideration, the department decides that as the average rate of promotion of assistant paymasters during the five years from 1902 to 1907, inclusive, was approximately seven numbers a year, there is no objection to your obtaining relief to that extent."

While the law relating to loss of numbers resulting from suspension from promotion should be applied impartially, yet its rigors may be relaxed in meritorious cases where there is an abnormal loss of files not contemplated by the law.

The normal operation of the statute indicates the legislative view as to the penalty for professional failure upon examination for promotion—that is, one year's suspension with corresponding loss of numbers and difference of pay—and this should not be modified in individual cases, nor in any case where any of the attendant circumstances render the officer unworthy.

Had Mr. Hacker been examined at practically any other time and failed professionally, he would have suffered a normal loss of numbers (found to be about seven), but owing to special and extraordinary circumstances hereinbefore outlined he lost four times that many.

Inasmuch, however, as Mr. Hacker was suspended from promotion for one year, by which, it is true, he lost an abnormal number of files,

yet he did not actually lose any more pay than would have been the case under normal conditions. All but seven of the lost files the bill now proposes to restore to him, but with no loss of pay at all, though under any year's suspension there is always a corresponding loss of difference of pay. It is therefore recommended that the following modifications be made in the bill:

Line 7, at end of line, change comma to period.
Lines 8 to 12, inclusive, strike out.

As thus modified the department has no objection to the measure.

Faithfully, yours, BEEKMAN WINTHROP,
Acting Secretary of the Navy.

The CHAIRMAN COMMITTEE ON NAVAL AFFAIRS,
United States Senate.

Mr. STAFFORD. Will the gentleman yield a little time to me?

Mr. AUSTIN. Certainly.

The SPEAKER. How much time does the gentleman yield?

Mr. AUSTIN. I yield 10 minutes to the gentleman.

Mr. STAFFORD. Mr. Speaker, this bill is similar in terms to H. R. 30940. It appears from the report that Mr. Hacker, passed assistant paymaster, was examined and failed to pass professionally in the examination that is required by the Navy Department for promotion.

During the intervening year that he was obliged, under the rules of the Navy Department, to await another examination 28 of Mr. Hacker's juniors were advanced in the service. This bill contemplates restoring Mr. Hacker to a grade above those who passed successfully. I can not see wherein there is any merit in singling out for promotion a man who failed in the examination when he had his chance and who, after having failed, asks to be given preference over those who passed the examination.

Mr. SLAYDEN. Is that seriously proposed?

Mr. STAFFORD. This is the purpose and effect of the bill.

We had a similar matter up before the Interstate and Foreign Commerce Committee, where some lieutenants in the Revenue-Cutter Service had failed to pass the examination for promotion, and were obliged to remain in the lower grade for a year, and during that intervening year many were promoted in the regular course to the higher numbers. It was proposed to bring those lieutenants back several numbers to the standing near to that they might have had if they had passed successfully.

Mr. SLAYDEN. What reason is there why this extraordinary thing should be done?

Mr. STAFFORD. There is no reason whatsoever advanced, except that during this intervening year a great number of men happen to be promoted to the higher grade, more than the usual number. I do not believe it is fair to the men who have passed successfully; who have taken the examination, and who have met the conditions.

If the gentleman can advance any reason why this man, who, in the examination, failed to meet the requirements of the service, I may withdraw my objection; but there is no excuse whatsoever advanced for his failure to pass the professional examination, and I ask why this man should be singled out and placed above these 28 others who were promoted during that year, and given something that he does not deserve, because he did not keep up with the requirements of the service. If I had not examined this bill on the Unanimous Consent Calendar, I would not have raised this objection. My objection to the bill is based on principle, and I am opposing it as I have opposed similar bills. It is not right that we should single out for promotion a man who has failed in his examination.

Mr. MANN. Is it not a fact that this bill proposes to leave the man seven numbers lower down on the list, which is the normal loss under such circumstances?

Mr. STAFFORD. Yes. There is a similar bill pending before the Interstate and Foreign Commerce Committee.

Mr. MANN. If there is such a bill before our committee, I have never heard of it.

Mr. STAFFORD. That was a case where certain men desired to be placed in a standing that they did not deserve.

Mr. MANN. I think the gentleman is mistaken in saying that there is any similar bill before our committee.

Mr. STAFFORD. There is a similar bill, that has been called to the attention of the chairman of the committee.

Mr. AUSTIN. Mr. Speaker, I move the previous question on the bill to the final passage.

The previous question was ordered.

The bill was ordered to a third reading, and was accordingly read the third time.

The SPEAKER. The question is on the passage of the bill.

The question being taken, the Speaker announced that the ayes appeared to have it.

Mr. STAFFORD. Division!

The House again divided; and there were 101 ayes and 29 noes.

So the bill was passed.

ORGANIZED MILITIA.

The SPEAKER laid before the House the bill (H. R. 28436) to further increase the efficiency of the Organized Militia, and for other purposes, a third reading of which was ordered yesterday and was laid over because of a demand for the reading of the engrossed bill.

Mr. HAY. Mr. Speaker, I withdraw the demand for the reading of the engrossed bill.

The bill was read the third time.

The SPEAKER. The question now is on the passage of the bill.

Mr. HAY. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. STAFFORD and Mr. MANN made the point of order that no quorum was present.

The SPEAKER. Evidently no quorum is present, and the Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 159, nays 125, answered "present" 12, not voting 88, as follows:

YEAS—159.

Alexander, N. Y.	Estopinal	Knapp	Parsons
Andrus	Fairchild	Kopp	Payne
Ansberry	Fassett	Küstermann	Pickett
Anthony	Fish	Lafean	Plumley
Austin	Focht	Langham	Poindexter
Barclay	Fordney	Langley	Pratt
Barnard	Foss	Law	Pray
Bartholdt	Foster, Vt.	Lawrence	Pujo
Bennett, Ky.	Fuller	Lenroot	Reeder
Bingham	Gardner, Mass.	Livingston	Roberts
Borland	Gardner, N. J.	Longworth	Rodenberg
Boutell	Graff	Loud	Scott
Bradley	Graham, Pa.	Loudenslager	Sheffield
Burke, S. Dak.	Grant	Lowden	Simmons
Burleigh	Greene	McCreary	Snapp
Butler	Griest	McGuire, Okla.	Sperry
Calder	Guernsey	McKinley, Ill.	Stafford
Calderhead	Hamer	McKinney	Steenerson
Cantrill	Hamilton	McLaughlin, Mich.	Sterling
Cassidy	Hanna	McMorran	Sturgiss
Chapman	Haugen	Madden	Sulloway
Cocks, N. Y.	Hawley	Malby	Swasey
Cole	Heald	Mann	Taylor, Ala.
Cooper, Pa.	Higgins	Massey	Taylor, Ohio
Cox, Ohio	Hill	Miller, Kans.	Thistlewood
Craig	Hobson	Miller, Minn.	Tilson
Creager	Howell, N. J.	Moon, Pa.	Townsend
Currier	Howland	Moore, Pa.	Underwood
Dalzell	Hubbard, Iowa	Morehead	Volstead
Davidson	Hubbard, W. Va.	Morgan, Mo.	Vreeland
Dawson	Hull, Iowa	Morgan, Okla.	Washburn
Diekema	Humphrey, Wash.	Moxley	Weeks
Dodds	Jamieson	Murphy	Wheeler
Douglas	Johnson, Ohio	Nelson	Wilson, Ill.
Driscoll, M. E.	Joyce	Norris	Woods, Iowa
Dupre	Kelfer	Nye	Woodyard
Durey	Kendall	Olcott	Young, Mich.
Dwight	Kennedy, Iowa	Olmsted	Young, N. Y.
Ellis	Kennedy, Ohio	Palmer, H. W.	The Speaker
Esch	Kinkaid, Nebr.	Parker	

NAYS—125.

Adair	Ferris	Johnson, S. C.	Rauch
Aiken	Fitzgerald	Jones	Richardson
Alexander, Mo.	Floyd, Ark.	Kelliher	Robinson
Barnhart	Garner, Tex.	Kinkead, N. J.	Roddenbery
Bartlett, Ga.	Garrett	Kitchin	Rucker, Mo.
Beall, Tex.	Gillespie	Korbly	Saunders
Bell, Ga.	Glass	Lamb	Shackleford
Boehne	Godwin	Latta	Sharp
Booher	Goldfogle	Lee	Sheppard
Brantley	Gordon	Lever	Sherley
Burgess	Graham, Ill.	Lindbergh	Sherwood
Burleson	Gregg	Lloyd	Sims
Candler	Hamlin	McCall	Sisson
Carlin	Hammond	McDermott	Slayden
Carter	Hardwick	McHenry	Small
Cary	Hardy	Macon	Smith, Tex.
Clark, Mo.	Harrison	Maguire, Nebr.	Speight
Clayton	Havens	Martin, Colo.	Stephens, Tex.
Cline	Hay	Mays	Sulzer
Collier	Heflin	Mitchell	Talbott
Cooper, Wis.	Helm	Moon, Tenn.	Tawney
Covington	Henry, Tex.	Morrison	Taylor, Colo.
Cox, Ind.	Hitchcock	Moss	Thomas, Ky.
Crumpacker	Hollingsworth	Nicholls	Thomas, N. C.
Cullop	Houston	O'Connell	Tou Velle
Denver	Howard	Oldfield	Turnbull
Dickinson	Hughes, Ga.	Padgett	Webb
Dickson, Miss.	Hughes, N. J.	Page	Wickliffe
Dixon, Ind.	Hull, Tenn.	Palmer, A. M.	Wilson, Pa.
Driscoll, D. A.	Humphreys, Miss.	Peters	
Edwards, Ga.	James	Rainey	
Ellerbe	Johnson, Ky.	Ransdell, La.	

ANSWERED "PRESENT"—12.

Adamson	Finley	Foster, Ill.	Smith, Mich.
Conry	Flood, Va.	Henry, Conn.	Stanley
Cowles	Fornes	Slemp	Wallace

NOT VOTING—88.

Ames	Bennet, N. Y.	Byrns	Crow
Anderson	Bowers	Campbell	Davis
Ashbrook	Broussard	Capron	Denby
Barchfeld	Burke, Pa.	Clark, Fla.	Dent
Bartlett, Nev.	Burnett	Coudrey	Dies
Bates	Byrd	Cravens	Draper

Edwards, Ky.	Hayes	Martin, S. Dak.	Riordan
Elvins	Hinshaw	Maynard	Rothermel
Englebright	Howell, Utah	Millington	Rucker, Colo.
Foelker	Huff	Mondell	Sabath
Fowler	Hughes, W. Va.	Moore, Tex.	Smith, Cal.
Gaines	Kahn	Morse	Smith, Iowa
Gallagher	Knowland	Mudd	Southwick
Gardner, Mich.	Kronmiller	Murdock	Sparkman
Garner, Pa.	Legare	Needham	Stevens, Minn.
Gill, Md.	Lindsay	Patterson	Thomas, Ohio
Gill, Mo.	Lively	Pearre	Wanger
Gillett	Lundin	Pou	Watkins
Goebel	McCredie	Prince	Weisse
Good	McKinlay, Cal.	Randell, Tex.	Wiley
Goulden	McLachlan, Cal.	Reid	Willett
Hamill	Madison	Rhinock	Wood, N. J.

So the bill was passed.

The Clerk announced the following pairs:

For the session:

Mr. WANGER with Mr. ADAMSON.

Mr. WILEY with Mr. WALLACE.

Mr. SMITH of Michigan with Mr. CLARK of Florida (excepting District legislation).

Mr. HUGHES of West Virginia with Mr. BYRD.

Mr. SMITH of California with Mr. CRAVENS.

Mr. SLEMP with Mr. FLOOD of Virginia.

Until further notice:

Mr. COWLES with Mr. BYRNS.

Mr. GOEBEL with Mr. DENT.

Mr. DENBY with Mr. GALLAGHER.

Mr. EDWARDS of Kentucky with Mr. ANDERSON.

Mr. BATES with Mr. SABATH.

Mr. MCLACHLAN of California with Mr. ASHBROOK.

Mr. AMES with Mr. REID.

Mr. MURDOCK with Mr. RHINOCK.

Mr. WOOD of New Jersey with Mr. PATTERSON.

Mr. MILLINGTON with Mr. MAYNARD.

Mr. CAPRON with Mr. GILL of Missouri.

Mr. MONDELL with Mr. SPARKMAN.

Mr. BARCHFELD with Mr. BOWERS.

Mr. BURKE of Pennsylvania with Mr. BROUSSARD.

Mr. CAMPBELL with Mr. FINLEY.

Mr. DAVIS with Mr. STANLEY.

Mr. DRAPER with Mr. DIES.

Mr. GAINES with Mr. GILL of Maryland.

Mr. GILLETT with Mr. GOULDEN.

Mr. HENRY of Connecticut with Mr. HAMILL.

Mr. HOWELL of Utah with Mr. LEGARE.

Mr. KAHN with Mr. LINDSAY.

Mr. KNOWLAND with Mr. LIVELY.

Mr. MARTIN of South Dakota with Mr. MOORE of Texas.

Mr. PEARRE with Mr. POU.

Mr. PRINCE with Mr. RANDELL of Texas.

Mr. SMITH of Iowa with Mr. RIORDAN.

Mr. STEVENS of Minnesota with Mr. RUCKER of Colorado.

Mr. GOOD with Mr. WATKINS.

Mr. MUDD with Mr. WEISSE.

Mr. COUDREY with Mr. WILLETT.

Mr. ELVINS with Mr. FORNES.

Ending March 2, 11 a. m.:

Mr. ENGLEBRIGHT with Mr. BARTLETT of Nevada.

Mr. NEEDHAM with Mr. CONRY.

For this day:

Mr. HAYES with Mr. ROTHERMEL.

On militia bill alone:

Mr. BENNETT of Kentucky (in favor) with Mr. BURNETT (against).

On this vote:

Mr. SOUTHWICK with Mr. FOSTER of Illinois.

Mr. ADAMSON. Mr. Speaker, under a misapprehension I voted "no." I find that I am paired with the gentleman from Pennsylvania, Mr. WANGER. I wish to change my vote.

The SPEAKER. The Clerk will call the name of the gentleman from Georgia.

The Clerk called the name of Mr. ADAMSON, and he answered "Present."

The result of the vote was announced as above recorded.

On motion of Mr. STEENERSON, a motion to reconsider the last vote was laid on the table.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. WILSON of Illinois, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 28215. An act to fix the time of holding the circuit and district courts for the northern district of West Virginia;

H. R. 18512. An act for the relief of S. H. Robinson, of Allegheny County, Pa.;

H. R. 20603. An act for the relief of Henry Haltman;

H. R. 26656. An act to prevent the disclosure of national defense secrets;

H. R. 29857. An act to amend section 3287 of the Revised Statutes of the United States as amended by section 6 of chapter 108 of an act approved May 28, 1880, page 145, volume 21, United States Statutes at Large;

H. R. 30570. An act to authorize the receipt of certified checks drawn on national and State banks for duties on imports and internal taxes, and for other purposes;

H. R. 31806. An act to amend section 1 of the act approved March 2, 1907, being an act to amend an act entitled "An act conferring jurisdiction upon United States commissioners over offenses committed on a portion of the permanent Hot Springs Reservation, Ark.;"

H. R. 32082. An act limiting the privileges of the Government free bathhouse on the public reservation at Hot Springs, Ark., to persons who are without and unable to obtain the means to pay for baths;

H. R. 32344. An act to protect the locators in good faith of oil and gas lands who shall have effected an actual discovery of oil or gas on the public lands of the United States, or their successors in interest;

H. R. 29360. An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1912, and for other purposes; and

H. R. 31856. An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1912, and for other purposes.

ENROLLED BILLS SIGNED.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 10882. An act to authorize the county of Ouachita, in the State of Arkansas, to construct a bridge across Ouachita River;

S. 10808. An act to authorize the Greeley-Arizona Irrigation Co. to build a dam across the Colorado River at or near Head Gate Rock, near Parker, in Yuma County, Ariz; and

S. 10476. An act for the relief of Passed Asst. Paymaster Edwin M. Hacker.

PANAMA CANAL BONDS.

The SPEAKER laid before the House the bill (S. 10456) to restrain the Secretary of the Treasury from receiving bonds issued to provide money for the building of the Panama Canal as security for the issue of circulating notes to national banks, and for other purposes, a similar House bill (H. R. 32218) being on the calendar.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to insert in the bonds to be issued by him under section 39 of an act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909, a provision that such bonds shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks; and the bonds containing such provision shall not be receivable for that purpose.

Mr. UNDERWOOD. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman rise?

Mr. UNDERWOOD. Mr. Speaker, I desire to raise the question of consideration on this bill, and pending that I want to see if I can make an arrangement with the gentleman from New York about the debate on the bill, if the question of consideration is not raised.

Mr. PAYNE. What does the gentleman desire in reference to debate?

Mr. UNDERWOOD. I think there ought to be an hour on a side.

Mr. PAYNE. It is pretty late in the session for that, but it is a very important bill. I suppose if the gentleman raises the question of consideration it might take half an hour to vote. I have thought of an hour for both sides. Will the gentleman compromise on an hour and a half?

Mr. UNDERWOOD. There are a great many requests on this side for time. Gentlemen would like to be heard.

Mr. PAYNE. Mr. Speaker, I ask unanimous consent that the debate proceed for two hours, one-half to be controlled by the gentleman from Alabama [Mr. UNDERWOOD] and one-half by myself, and at the end of that time the previous question to be considered as ordered.

Mr. UNDERWOOD. Subject to amendment.

The SPEAKER. The gentleman from New York asks unanimous consent that all debate on this bill shall be closed in two hours, one-half to be controlled by the gentleman from New York and one-half by the gentleman from Alabama [Mr. UNDERWOOD], at the end of which time the previous question shall be considered as ordered on the bill for final passage.

Mr. UNDERWOOD. On the bill and amendments. I do not think there will be any.

Mr. PAYNE. I modify the request to that extent.

The SPEAKER. Is there objection?

There was no objection, and it was so ordered.

Mr. PAYNE. Mr. Speaker, at the time we were formulating the present tariff law there had been issued bonds for the construction of the Panama Canal in the amount of $87,309,594.83 and that money had been turned in to pay toward the construction of the canal. There has been expended in the construction of the canal up to this date $229,430,929.45, leaving a balance expended out of the general fund of the Treasury, and reimbursable from the sale of bonds, of $140,000,000 and upward. We put a clause in the tariff act authorizing the Secretary of the Treasury to issue bonds bearing a rate of interest not exceeding 3 per cent to provide funds for the entire construction of the Panama Canal as then estimated, to wit, $375,200,950. There have been issued to this date $84,000,000, leaving a balance of bonds authorized and not yet issued of $290,569,000. The construction so far of the canal has been paid out of the general funds of the Treasury, and although in the last three or four years we have been running pretty close on the balance of general funds in the Treasury, still the Treasury Department has been able to pay for this construction up to date. But, Mr. Speaker, the time is coming, and is not far off, when we would have to issue bonds to reimburse the Treasury for a portion of this expenditure. The deficit from the 1st of July up to the present date, by the Treasury report of this morning, is $4,975,038.36. This is on the basis of the ordinary expenses of the Government, but we have already expended this year for canal purposes $25,334,587.38, so that the total deficit for this year, including Panama expenditures, is $30,309,625.21. It is hoped that this deficit may be decreased between now and the 30th of June; but, on the other hand, we have to look in the face of the fact of some extraordinary expenditures which the Treasury may be called upon to pay.

In the first place, we have actions pending against the Treasury for the tax on corporations on which we have collected in round numbers $27,000,000. Of course, as gentlemen all know, that case is pending in the Supreme Court, but we can not always tell with certainty what the court may decide. As for myself, I have always believed that the tax was constitutional. Other gentlemen of the House, better lawyers than I am, believe that it is not, but if the court decides against us that $27,000,000 must be paid and can only be paid out of the issue of bonds, because we are authorized to reimburse the Treasury for the expenditures for the canal, and, of course, that reimbursement, if necessary, will go into the general fund for the expenditures of the Treasury Department.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. PAYNE. Yes; for just a question.

Mr. MADDEN. I desire to ask this question for information. Does the gentleman from New York know how much has been paid out of the Treasury that has not been reimbursed from any source in the matter of the canal construction?

Mr. PAYNE. The balance over and above the bonds that have been issued is one hundred and forty-two million one hundred and twenty-one thousand and odd dollars. We are entitled to issue bonds to the amount to-day to place the amount in the Treasury now.

Mr. DOUGLAS. Will the gentleman yield to me?

Mr. PAYNE. If the gentleman will indulge me on this immediate point I will then yield for a question.

Mr. DOUGLAS. I thought the gentleman would yield as he has yielded once. Is the gentleman of opinion that taking from these bonds the right to secure circulation——

Mr. PAYNE. I will come to that; of course I can not speak about everything at once. Now, Mr. Speaker, if I can get back to the point from which my attention was diverted, if the Supreme Court should decide this tax case against us, we would also lose $25,000,000 the Treasury estimated for the tax to be collected for this fiscal year. Adding that to the $27,000,000 already collected, which we would have to reimburse, would make a further deficit of $52,000,000. Then we can not ignore the fact that the pension bill, which we have passed, and which is now in the Senate, and which may or may not become a law before the 4th day of this present month, calls all the way from the lowest estimate to perhaps not the highest, of from $30,000,000 to $50,000,000.

So that an issue of bonds is imminent. Then, there is the question of the ordinary receipts and disbursements. Every gentleman knows that under any revenue bill the receipts are largely affected by the business of the country. What the business of the country may be for the present year that we have now entered upon no man can say. We have had two quite prosperous years, and an immense revenue under the present law. Whether there will be a curtailment of that revenue or not, of course, is only in the future, but it would be a calamity if some legislation were not passed by which we could at any time replenish the Treasury for these overdrafts which may come upon us.

Now, Mr. Speaker, in the clause of the tariff act which authorized these bonds, as in the other bonding acts, no reference was made as to whether the bonds should or should not be used as security for the issue of currency notes of the national banks, and therefore they come under the banking act which provides that any bonds of the United States may be so used as security for the redemption of these national-bank notes.

Outside of these bonds authorized, the only method by which the funds in the Treasury can be replenished would be by borrowing money on certificates which the Treasury is authorized to issue and which is provided for in this same tariff act, to run not in excess of one year, and to draw interest at the rate of not exceeding 3 per cent. These certificates might be issued in an emergency, but it is quite plain, if the emergency arises and the bonds or certificates are issued, we shall not want to redeem any part of them within a year after the issue. Congress has settled on the policy that the expense of this canal is to be paid for out of bonds, to be paid for by the future generations that will enjoy more the benefit of the canal than the present generation. And so it would seem that the last thing to be resorted to would be the $200,000,000 of Treasury certificates authorized by the act. The provision for these certificates was made a part of the permanent law of the country, so that in any case where the receipts run below the expenditures it will be possible to borrow for a short length of time money to be paid within the year. It is not desirable to issue them for the funding of the canal debt. They were not meant for that purpose. We provided bonds for that purpose, to become due in the future and to be paid in the future.

Mr. Speaker, the security for national-bank notes, of course, has been 2 per cent bonds issued by the United States—not because the investors of money in the country desired generally to lend money to the Government at 2 per cent—that did not pay; the credit of the Treasury was not sufficient to justify the loaning of money to the Government at 2 per cent. But, coupled with that, we have this provision of the national banking law which virtually compelled the banks when they took out circulation to take these 2 per cent bonds, and, with the half of 1 per cent tax upon their circulation, to take what little there was in it, and they could not get the circulation unless they bought the bonds. These bonds have been bought by them at par, or a little beyond—at 102, generally. Of the 2 per cent bonds that have been issued the great bulk of them are held by the national banks. Seven hundred and thirty million dollars of them have been carried by the banks for circulation, but they have reached the limit where they want these bonds for circulation, and no more circulation is desired. Not even the emergency circulation proposed in the previous bill has been desired by the banks since that bill passed, and here are these $730,000,000 of bonds held by the banks.

Now, Mr. Speaker, in addition to that the banks hold a block of these bonds which they have deposited with the Treasury Department as security for the deposits of the national funds. The banks have the bonds yet, but we have run so low that we have no money to deposit as security for these bonds. Of course there is a prejudice against banks and always will be, and yet the banks are represented by stockholders, and stockholders are human beings, and some of those human stockholders, or, at least, I suppose a good many of them, are sitting in this House to-day, and they know something about their human feelings toward banks and bank stock. These people have been forced by their Government to buy these bonds and pay above par for them, and pay more than they were really worth, for security of the banks' circulation, and they were led into supposing that they were going to get some deposits of the United States funds, and they bought more of these bonds, which they now hold. The bonds held by individuals are only a small amount in the whole. I will not undertake to say from memory how much.

Mr. FITZGERALD. Will the gentleman yield for a question?

Mr. PAYNE. In just a moment.

Mr. FITZGERALD. Right at that point.

Mr. PAYNE. Well, right at that point.

Mr. FITZGERALD. Does the gentleman from New York imagine that the national banks were innocently misled into making a bad investment?

Mr. DOUGLAS. Or does he think they were forced to make a bad investment?

Mr. PAYNE. They were forced to make a bad investment or else go without circulation. Whether that is misleading or not I leave to the gentleman's conscience.

Mr. FITZGERALD. Why were they forced?

Mr. PAYNE. Because they could not get along without it. They had to put up bonds. These were the only ones they could do it with.

Mr. FITZGERALD. Were they forced to do that when other bonds were outstanding at the same premium?

Mr. DOUGLAS. They did not need to take out circulation if they did not think it was profitable.

Mr. PAYNE. They were not forced? What a proposition! We had to have banks; we had to have currency; we had to have money; and the only way it could be given to them was by putting up these bonds. You may call it force, or you may call it patriotism on the part of the banks to furnish currency. However it was, they were squeezed between the upper and the nether millstones, and they did not suppose that the United States would ever do anything to disparage those bonds and send them to a discount.

They supposed that the United States in the issue of bonds would make some regulation by which the new bonds would give no better privilege to the other national banks coming in than they had themselves, or force the rate of premium up so high that they could not afford to take them. In any event, in any way you put it, the result is the same. If it were merely a pocketing of the loss by somebody, and that were all there was of the question, it would be different. But the Government of the United States ought to be as honest and scrupulous in its transactions as the most scrupulous of its citizenship.

Mr. DAWSON. Mr. Speaker, will the gentleman yield?

Mr. PAYNE. And when a private individual forces a loan from another and then goes to work to impair the value of that loan, he creates an equity against himself.

Mr. DAWSON. Will the gentleman allow me to suggest right there that by reason of the refunding of the 2 per cent bonds the Government made a net saving in interest charges of over $17,000,000?

Mr. PAYNE. There is no doubt about that.

Mr. FITZGERALD. Does the gentleman know that if they did not refund them they would not have paid any interest at all?

Mr. HARDY. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from New York yield?

Mr. PAYNE. Yes.

Mr. HARDY. I understood the gentleman to say that of these bonds the banks bought a certain quantity with the idea of issuing circulation upon them as the basis of circulation, and that they were induced to do so through the belief that the Government would make deposits in their banks.

Mr. PAYNE. The gentleman is getting two things mixed up. It is true that a portion of the bonds were bought for circulation, and a portion were bought for security of deposits. The large bulk were bought for circulation.

Mr. HARDY. "For security of deposits," the gentleman says. I understand the gentleman said that in that hope they were misled. Now, did not the bankers know as much about the possibilities of Government bonds as anybody in this country? How could they have been misled?

Mr. PAYNE. They might have known that and still would not know that the Government funds would be entirely withdrawn.

Mr. HARDY. How could they be misled by any act of the Government?

Mr. PAYNE. They did not know how much money would be expended by the Government. You and I did not know it. Nobody knew it. Nobody could know it. Nobody knew how much money would be raised by taxation.

Mr. HARDY. They knew the condition of the Treasury and the laws under which they were expected to get these deposits.

Mr. PAYNE. They knew Congress might change the taxing law any day. If there was a man in the United States who knew what the expenses of the Government would be under the appropriations made by Congress he was wiser than any man who ever sat on this floor and wiser than any banker that ever lived.

Mr. HARDY. One more question and then I will be through. Did not the bankers, in taking that risk, take the ordinary risk of a purchaser?

Mr. HILL. No; they were forced to take 25 per cent.

Mr. PAYNE. Why, the ordinary risk of a purchaser from the Government of the United States, believing that the United States would do the honorable thing by them.

Mr. HARDY. The United States Government in no way pledged itself to deposit anything with these banks.

Mr. PAYNE. The gentleman said he only wanted to ask one question. I think he will have to stop. He is using all my time.

Mr. HARDY. Very well.

Mr. SIMS. May I ask half a question? They were confined to United States bonds to secure deposits——

Mr. PAYNE. I do not yield to the gentleman. How much time have I?

The SPEAKER. The gentleman has 23 minutes.

Mr. PAYNE. I will reserve the balance of my time.

Mr. DOUGLAS. I should like to ask the gentleman——

Mr. PAYNE. After I have yielded to others, I will be glad to yield to the gentleman from Ohio.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Texas [Mr. SLAYDEN].

Mr. SLAYDEN. Mr. Speaker, the strictly domestic affairs of this Government are of surpassing importance to its citizens but lack the novelty and picturesqueness of certain newer and, in the judgment of some of us, at least, less worthy policies.

Our colonial experiments command the interest of all thoughtful citizens, however much they may be deprecated. What we are doing in the Philippines, what we have done and especially what we may hereafter do in those islands is a matter of absorbing interest.

Never for an instant since the first armed American set foot on those far-away Asiatic islands have I approved of the enterprise. I can not view it in any other light than as a disaster to the people of the United States, the unjustified assumption of enormous expense, and the abandonment of our holiest political tenets.

I wish very much that in the study of this problem one could find more pleasing chapters. It is not a story in which Americans can take pride. The recent investigation under the so-called Martin resolution disclosed a shameful but not unexpected condition of affairs.

Our government in the Philippines is a carpetbag government, and seems to have all the characteristics of government of that sort. In fact government of any people by aliens from the days of Roman proconsuls down through Clive and Hastings, the very best and ablest of the tribe, to that unmatched horde of rascals who ruled and robbed the people of the South after our great Civil War has not varied greatly.

Now and then there has been an honest governor, an unselfish, altruistic, confiding sort of man. I have in mind such a one now. But they have been few, and the subordinates have not all been like the occasionally honest chief.

Our government in the Philippines has probably not been as bad as carpetbag government in Roman colonies, in the Indies, or in the Southern States, but in the main it has been no credit to us. Like the carpetbaggers who have gone before, our Philippine administrators have, as the evidence adduced in the recent investigation plainly shows, displayed conspicuous zeal in their own interest.

That modern device known as State credit, evidenced by bonds and other securities, has been used to enhance the value of choice town sites and pieces of farm lands that provident carpetbaggers had selected for themselves. Railways and highways have been built by public funds, and strangely enough have led to the lands previously acquired by these trustees of the Philippine people. It may be a mere coincidence, this juxtaposition of American-owned property and these publicly built roads, but knowing something of the tribe of carpetbaggers I have my doubts.

That in the Philippines we have simply followed the usual rule of the conqueror and plundered the subject nation, doing this despite all protestations of disinterestedness, has been demonstrated this very winter before the Insular Committee of this House. The Insular Committee acted under resolutions limited in character, but allowing it to investigate as to whether sales and leases of public lands had been made in the Philippines in violation of law. If its investigation had extended to the whole subject of the American action in the Philippines, it is to be feared that a much more disgraceful condition of affairs would have been developed. As it is, considering, as the committee did, only certain phases of the land question, the results were bad enough.

Great aid in the examination of the record of affairs before the committee has been furnished by the brief presented by Jackson H. Ralston, Frederick L. Siddons, and William E.

Richardson, attorneys for the Anti-Imperialist League, and who followed the course of the investigations with the greatest possible care. I find from examination of their brief that they have demonstrated certain legal propositions with, as I believe, absolute clearness. These propositions, in brief, are as follows:

(1) By the terms of the act creating the existing Philippine Government no American citizen or citizen of any country, save of the Philippine Islands, was empowered to buy a foot of public lands in the Philippine Islands, while only Filipinos could obtain them by virtue of occupation and cultivation, extending over a period of five years, and then only in tracts not exceeding to an individual 40 acres in extent, and to a corporation 2,500 acres. The citizens of the islands to whom such sales of lands were permitted are defined by the act to be—

All inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the 11th day of April, 1899, and then resided in said islands and their children born subsequent thereto * * * except such as shall have elected to preserve their allegiance to the Crown of Spain.

(2) It is next shown by the brief that the so-called friar lands of the Philippines, which were purchased under the authority of the act of July 1, 1902, creating the Government of the islands, were subject to the same restrictions as were the public lands—that is, they might only be sold to citizens of the islands and in tracts of the size I have mentioned, and subject to like conditions.

Despite the conditions of law above shown to exist in the Philippine Islands, it appeared in the investigation that direct violations of law of the following descriptions had taken place:

(1) The commission had valued and sold to its own members tracts of public lands. This without any conditions as to occupation or cultivation, the members purchasing being citizens of the United States and not citizens of the Philippine Islands.

(2) The commission, in like defiance of the plain letter of the statute, had sold to corporations (not Filipino, but American) tracts of public land as large in three several cases as 2,500 acres in extent; this in like defiance of law.

(3) The commission, without any authorization of Congress to pass such an act, had provided by its public-land laws for the lease in tracts as large as 2,500 acres of public lands to American citizens for a term of from 25 to 50 years and at a minimum and usual rental of 10 cents gold per acre. Under this violation of law the commission had permitted to be leased to the nephew of the member approving the lease a tract of 2,500 acres for a period of 25 years, renewable for a like period, at $250 gold per annum.

(4) The commission had permitted the sale to its own executive secretary of 4,200 acres of land near the city of Manila, this land to be paid for in the course of 20 years, the annual payments being met directly from the labor of Filipino tenants.

(5) The commission had sold tracts of friar lands, the largest being a body of 55,000 acres, to persons closely identified with the American Sugar Trust, the purpose of the purchase being to erect a large mill and, incidentally, to control in a great measure the sugar business of the Philippine Islands.

The nature of the offenses committed by the members of the commission and their subordinates is more fully set out in the brief to which I have referred, such brief stating succinctly the facts proven before the committee and making a most damning total. I print extracts from the brief:

TRANSACTIONS AT BAGUIO.

Shortly after the acquisition of the Philippine Islands it was considered that it would be necessary to establish a health resort in the mountains of the island of Luzon, and Baguio, about 160 miles from Manila, was chosen as the place for its establishment. By Executive order of October 10, 1903, Camp John Hay was established as a military reservation at this point. On December 21, 1900 (act No. 61), the Philippine Commission appropriated $75,000 in gold to construct a road from Pazorublo to Baguio. On November 11, 1901 (act No. 297), the Philippine Commission appropriated ₱11,000 for the purchase of lands and buildings at Baguio for the insular and provincial governments.

On December 31, 1904, the commission, on the recommendation of Secretary of the Interior Worcester, resolved to establish a town site at Baguio. By its act, No. 636, it had created a Government reservation pending the establishment of a town site.

On May 29, 1903 (act No. 767), $1,500, local currency, was appropriated for work on Government buildings. On June 30, 1903 (act No. 794), a survey was ordered for a road from Naguilian to Baguio, to cost $2,500, and a survey directed of the town site; and for location of pumping stations and reservoir $5,000 was appropriated.

By resolution of the commission, dated April 30, 1904, the expenditure of $3,500 was ordered for improvements at Baguio, and by further resolution (Annual Report 4, 1904, p. 519) ₱880 were appropriated for a pesthouse at that point. On May 26, 1906 (act No. 1495), the Burnham plans for the town at Baguio were adopted.

By act of August 18, 1906 (act No. 1527), the resolutions of the commission of May, June, and July, 1906, directing the proceeds of land sales at Baguio to be used in or near the town site for public improvements, and expended by the superintendent of the Benguet Road, on approval of the secretary of commerce and police (now Gov. Gen. Forbes), were confirmed.

On December 22, 1906 (act No. 1508), ₱30,000 were appropriated for the Governor General's residence and ₱5,000 for a building for the employees of the bureau of public works.

On June 27, 1907 (act No. 1662), ₱5,000 were appropriated for the construction of the hospital building at Baguio. On August 17, 1907, ₱8,250 were appropriated for buildings for the bureau of agriculture and ₱20,000 for the improvement of the Baguio town site.

On October 2, 1907 (act No. 1735), grant of a railway concession for the railway to Baguio was ordered.

On May 29, 1908 (act No. 1837 of the Philippine Legislature), ₱11,000 were appropriated for additions to Benguet Sanitarium. On June 15, 1909 (act No. 1957) the commission, as governing non-Christian tribes, passed an act governing local improvements in Baguio and referring to a resolution of March 30, 1907, as amended, which resolution is not found reported in the appropriate volume.

On June 26, 1909 (act No. 1957), the Philippine Commission, acting under its authority as above, amended the act last recited, and on the same day, by act No. 1959, provided for rules governing the Benguet toll road.

The above recital is believed complete according to data at hand, but apparently does not cover all appropriations.

Under the public-land act, passed by the Philippine Commission, a commission was appointed to value the lands of the town site in Baguio. This commission acted under the direction and with the approval of Secretary of the Interior Worcester. The lands having been thus valued, Secretary Worcester, on May 28, 1906, bought at the appraised value about 10 acres of ground, which he had, as he says was known, long desired to buy and which he considered the best building site in Baguio, although, as is evident from the report of sales at this point and a consideration of all the circumstances, not land of the highest appraised value.

With this résumé of facts in mind, let us consider the law and the proprieties of the situation, discussing some matters heretofore not under examination.

It seems to us of the highest importance to call attention to certain rules of the common law, and one or two embodiments of the rule in statutory law, which seem to offer a touchstone to determine whether the actions of Government officials in the Philippines in the cases to be enumerated were consistent or inconsistent with the principles of sound business morality.

It is a principle of law so well known as to need no citation, save it were to convince persons as ignorant of fundamentals as seem to have been the leading officials of the United States in the Philippine Islands, that a person occupying a trust relation can not deal in the property with relation to which he is a trustee, and can gain no profit out of or from such dealings if he so far transgress as to deal in it.

The soundness of this rule was recognized by its embodiment in statutory law in section 452 of the Revised Statutes of the United States, which reads as follows:

"The officers, clerks, and employees in the General Land Office are prohibited from directly or indirectly purchasing or becoming interested in the purchase of any of the public land; and any person who violates this section shall forthwith be removed from his office."

In the case of Lavagnino v. Uhlig (26 Utah, 1) it was said, in substance, that it was the intention of Congress to prohibit, on the ground of public policy, the officers, clerks, and employees in the General Land Office from acquiring, directly or indirectly, through a purchase from the Government, any of the public lands of the United States, and that the foregoing section applied as well to the mineral as to the other lands.

In re Frazin and Oppenheim the circuit court of appeals of the United States for the second circuit said (vol. 181, Fed. Rep., p. 307):

"It is a long-established principle of equity jurisprudence that a trustee can not become a purchaser of the trust estate. And not only trustees, strictly speaking, but agents, attorneys, and all persons acting in behalf of other persons and obtaining confidential information concerning their affairs can not purchase their property, except under certain restraints not necessary to be considered here."

In this case the appraiser himself had undertaken to purchase, and the court, among other things, said:

"We are fully satisfied from the record that the appraiser was negotiating with respect to the purchase of the property before he signed the appraisals. Upon these facts, we are of the opinion that the appraiser, Hoerle, was as a matter of law incapable of purchasing the property in question at the trustee's sale."

Having, therefore, laid down the general principles, which, in our judgment, control, or should control, the disposition of lands in the Philippines to public functionaries, let us consider the actions of Philippine officials with regard to Baguio lands, beginning first with those who are highest in office.

THE CASE OF GOV. GEN. FORBES.

The present governor general of the Philippine Islands is W. Cameron Forbes, who became such governor in the year 1909, having been appointed vice governor on July 1, 1908, previous to which time he was secretary of commerce and police.

Gov. Forbes purchased at Baguio, on May 28, 1906, two tracts of land (p. 464), aggregating 64,600.03 square meters, or, as nearly as may be, 15 acres, of ground. For this he paid 1,293 pesos, or approximately 86 pesos per acre; in gold about $43. It is a fair assumption from the evidence that this was the appraised value, and this assumption is borne out by the testimony of Secretary Worcester (p. 693). The appraised value was fixed by an assessment committee, whose actions were subject to the approval of Mr. Worcester. To the extent, therefore, of 15 acres of land, in what was designed to be the summer capital of the Philippines, Mr. Forbes became the purchaser of a tract of land which, according to Secretary Worcester (p. 696), he, Forbes, considers the best site in Baguio.

Since the time of his purchase Mr. Forbes has become Governor General, and there has been erected for his use as Governor General, at the expense of the Philippine Government, a mansion costing nearly, or quite, 30,000 pesos, so that apparently the land he purchased is now held for investment or speculation. From the time of his purchase up to his appointment as Governor or Vice Governor, Forbes was secretary of commerce and police, and under his jurisdiction came the bureau of public works. This bureau had and has charge of the expenditure of public moneys at Baguio and under it a large amount of money, only in part, as we believe, ascertainable from a careful perusal of the reports of the commission, has been expended for the improvement and development of Baguio. For instance, an automobile road has been constructed, public buildings have been erected, a sanitarium has been established, drives of an extensive character have been made, and

expenditures aggregating hundreds of thousands of dollars, the effect of which has been to increase the value of lands in Baguio, have been made or provided for, many of these expenditures antedating the time of purchase, and many occurring subsequently.

No thought of the impropriety of his conduct seems to have entered the head of the Governor General of the Philippine Islands.

THE CASE OF DEAN C. WORCESTER.

For many years, in fact, nearly or quite from the beginning, Dean C. Worcester has been secretary of the interior of the Philippine Islands. The land laws, with all their incongruities, with their defiance in spirit and in text of the statute of the United States forming the Philippine Government, have been framed or supervised by him.

Mr. Worcester controlled the board making the appraisements upon the land at Baguio. He knew in advance of the establishment of the new town, the tract he desired for himself. As he says (p. 696), "It was known for fully five years that I intended to bid for the lot, which I afterwards occupied." His appraisers, therefore, whose actions he confirmed, must have known the same thing. He, like Mr. Forbes, considered that he had the best site. He purchased, on May 28, 1906, the date of the purchase of Mr. Forbes, 39,676.97 square meters of land, paying therefor 595.15 pesos. In other words, for approximately 10 acres he paid 60 pesos per acre, or $30 in gold, in the summer capital of the Philippines, upon the approach to which hundreds of thousands of dollars had been expended, and hundreds of thousands of dollars, as stated, had or have been since then paid out for public buildings and public improvements under the direction of the Philippine Commission, consisting of himself and his immediate official and personal associates. As if this were not sufficient defiance of all rules of official propriety, on the same day that the personal purchase was made by Mr. Worcester there was sold to the Baguio Country Club, of which Mr. Worcester is president, 345,473.97 square meters for the sum of 2,303.20 pesos, being approximately 82 acres at the rate of 28 pesos per acre, or in gold $14.

A pretense is made in the testimony of Capt. Sleeper that Secretary Worcester purchased at public auction. It is manifest from the surrounding circumstances, as well as Secretary Worcester's own testimony, that this is not so and that if he had no one would have had the temerity to bid against him had he so purchased.

Mr. Worcester (p. 577) complains bitterly of the libelous statement about himself, which he cites, and which charges a desire to possess for his essential personal benefit properties registered under the names of others. It appears to the contrary in this instance; Mr. Worcester frankly and openly, and with the utmost insouciance, violated in his own person the canons of business and professional ethics to which we have alluded, his moral and business sense not being sufficiently acute to enable him to know when he was violating the proprieties due to his position.

It is not to be wondered at that many of the American officials followed the example of Forbes and Worcester and purchased at Baguio large tracts of land of great potential value.

Let us pass now to other cases.

EXECUTIVE SECRETARY FRANK CARPENTER.

"Like master, like man." We next come to consider a case of patent wrongdoing on the part of Mr. Worcester, secretary of the interior; Capt. Sleeper, director of public lands; and Mr. Carpenter, executive secretary.

Mr. Carpenter became fired with the ambition to make money in the Philippines, an ambition fostered and furthered by Capt. Sleeper and sanctioned and approved by his superior officers. There existed an estate, at its nearest point 8 miles from the boundaries of Manila, having upon parts of it over a thousand people, and adjoining another estate lying between it and Manila, upon which there were over 2,000. This estate, called Tala, was for the most part unoccupied, and Mr. Carpenter determined to acquire such portion.

The roads to the estate were in bad condition. Mr. Carpenter's associates therefore promised him, if he would take it, they would be placed in good condition, and the Government has expended upon such roads and approaches approximately, as nearly as the testimony shows, as much money as Mr. Carpenter was to pay for the estate he finally took, or agreed to take.

The conditions in the neighborhood as to order were not good. The facile Government agreed to furnish all police protection needed.

The people in the neighborhood were not rich, and stood in need, as it was believed, of money with which to purchase carabao and other things needful for its successful cultivation. Thereupon the loan fund for that purpose, which had not theretofore been intended to affect the Tala estate, was extended to it within a few months after Carpenter's contract was made.

The congressional act permitted a leasing of friar lands for three years, the Tala estate being of this character. The Government, looking with peculiar favor upon one of its pets, undertook to change the laws so that Mr. Carpenter might not only lease, but on easy terms become the owner in fee simple.

Under these circumstances Mr. Carpenter agreed to lease, with the right to purchase, upon a change of the laws. The laws were changed so far as the commission could do so, the conditions as to protection and road and bridge building were met, and Mr. Carpenter is now on the highway to become the owner of 1,694 hectares of productive land, at its nearest point, as stated, within a short distance of Manila, and approximately 4 miles from the railway station of Polo, running north from that city.

The conditions of terms of payment deserve special attention. We find on page 106 of the report of the Governor General and others that the average price per acre was ₱7.48, which would make the sale price of the whole tract ₱31,677. This is to be paid at the rate of one-twentieth per annum for 20 years, a credit being allowed Carpenter for the amount he may have paid under his leases. The average per acre per year, therefore, to be paid on account of the purchase price approximates 37½ centavos (18¾ cents) per acre plus 4 per cent interest on the deferred purchase money.

It appears from Mr. Carpenter's testimony that he does not expect himself to pay any portion of this sum, but to make the same out of his tenants. This is certainly the meaning of his answer to the question on page 472:

"Q. Do you expect the returns from your tenants to meet your payments for the land, this without any material advance by you?—A. I do not expect the returns from my tenants—i. e., any share in the crop which may pertain to me, to meet my payments for the land during the lease period—i. e., three years. I do expect that beginning with the fourth year the product of my tree plantations, the increase of my cattle, and my share of crops raised by tenants will meet the annual payments on the lands which I should purchase under the terms of my contract with the Government and the expenses generally of the plantation as a whole. However, I shall not be surprised if, during the first and second years of the purchase period—i. e., the fourth and fifth years of occupancy—I have a deficit to meet from my salary."

The net result, therefore, of this proceeding is that through the kindness of the Philippine Government in all the particulars we have enumerated, a kindness which does not appear to have been extended to another person in the land, American or Filipino, Mr. Carpenter at the end of 20 years will find himself in the possession of a property originally valued at about ₱32,000, paid for by the labor of his Filipino tenants, increased in value by the expenditures of the public money, liberally promised and liberally made by the government of the island, and, so far as he is concerned, he will have furthered the creation of a landlord and tenant system in the Philippine Islands, turning the Filipino from being a possible landowner into that of a contributor to the wealth of a member of an alien race. All this is done under the guise of tender consideration for the welfare of the Filipinos.

Like Gov. Forbes, like Secretary Worcester, it seems never to have occurred to Mr. Carpenter that in speculating in the natural wealth of the Philippine Islands, he was dealing in property as to which he was an administrator, and not a proprietor in his own right. A haunting fear of public comment upon this transaction seems, nevertheless, to have possessed the Philippine officials, for never till June 10, 1910, was an official report made to Congress on the subject, while with the utmost deliberation, Capt Sleeper twice over in his report for the year ending June 30, 1909 (H. Doc. 914, 61st Cong., 2d sess.), speaks of the intention to place the Tala estate on sale, although he had, when he wrote the lines, contracted to sell the remainder of the estate to Carpenter.

CAPT. SLEEPER, DIRECTOR OF PUBLIC LANDS.

Capt. Sleeper, so far as his testimony and the records in the case show, has confined his operations to investments in mining prospects or mines. In this respect he would, in the United States, under the decision in the Utah case, above referred to, have fallen under the condemnation of the statute. In the Philippines his actions escape statutory condemnation and receive the praise of his superiors in office. He made, as director of public lands, the arrangements with Mr. Carpenter containing the pledges as to police protection, road and bridge building, and additional legislation, and his promises have all been redeemed at the expense of the Philippine people.

J. R. WILSON, ASSISTANT DIRECTOR OF PUBLIC LANDS.

The position of Mr. Wilson seems to us as flagrant as that of any of his associates. He has applied to lease nearly 2,500 acres of land in the island of Mindanao for 25 years, renewable for a similar period. This application, while not formally granted, has never been rejected. For this he apparently will pay 50 centavos a hectare. He has taken possession of the lands, planted them in coconuts and so long as official action upon his application is delayed, and until the lease is formally issued, he will not be under obligation to pay rent. In the absence of Capt. Sleeper, he would be called upon to approve his own application, and would literally lease to himself. It is presumable that his superior officer would not care to disapprove an application of such sort presented by his immediate inferior, and it is also presumable that it will not be acted upon as long as Mr. Wilson can, by nonaction, avoid the payment of rent. Meanwhile Mr. Wilson is enjoying the reception of an annual salary of ₱7,500 per year, paid by those for whom he is trustee, and whose trust he has abused.

The example of the present Governor General and of the secretary of the interior, purchasers of land at Baguio, was not thrown away upon Mr. Wilson, and on the same day that they did he purchased in that town a tract of land approximating an acre and a half in extent, for which he paid ₱60.39, or at the rate of about ₱40 per acre, or $20. He also purchased, on April 15, 1908, about an acre and a quarter of land, paying at the rate of approximately ₱180, or $90, an acre. The deeds presumably were made by the Governor General, who was empowered to execute deeds of public lands.

OTHER INSTANCES OF PURCHASE BY PUBLIC OFFICIALS.

The worthy example set by Government chiefs in the Philippine Islands was, as we have seen, not lost upon their immediate subordinates, and the virus extended all through the service. We will cite only a few illustrations. Mr. Z. K. Miller, machinery expert of the bureau of agriculture, applied for 350 acres of land (p. 460), which application is still in full force and effect. The solicitor general, George Harvey, paid ₱10,000 a year by the Filipinos, appears as the president (p. 461) of the Siasi Plantation & Building Co., applying for a lease of 2,500 acres of land. A very large number of employees appear as purchasers of tracts at Baguio.

LEASES TO THE WORCESTERS.

Mr. E. L. Worcester, nephew of the Philippine secretary of the interior, seeking new bulbs wherewith to glorify Easter, went to the islands. Not unlike the unlucky man in the poem who in sinking a well for water missed it, but struck a gold mine, Nephew Worcester failed to find satisfactory flowers, but did find a glorious opportunity to gain a fortune. In the rich lands of the Province of Nueva Ecija he discovered a tract of nearly 2,500 acres so level that by making little embankments the water in the rainy season could be retained long enough to produce rice. For this land he applied, and with no difficulty the Government leased it to him at the lowest rental permitted by a law apparently framed by the secretary of the interior. Thus the nephew of the secretary of the interior has been given an apparent right to possess for a period of from 25 to 50 years nearly 4 square miles of land, paying therefor for the first period the lowest possible rental of 50 centavos a hectare, or 10 cents in gold per acre, or a sum total of less than $250 in gold per annum for its exclusive enjoyment free of taxes.

That the public land law and the administration thereof presented violations of the letter and spirit of the act of Congress is manifest on little consideration.

Without any restriction as to cultivation such as was required by law in the case of the sale of public lands, (*a*) this land has, through long time lease, been conveyed (*b*) to an American and (*c*) in a quantity exceeding by 60 times that which even a Filipino would take in fee.

It is idle for men situated as were those of the Philippine Commission to suggest that while Congress has limited the sale of public lands to Filipinos and on terms of occupancy, it has given to the commission a general power to lease without restriction. It was the duty of the commission to know the spirit and intent of the act, which expressly declared (sec. 12) that the lands were to be administered for the benefit of the inhabitants, specifying what lands citizens could take and what lands Americans. As trustees, the commission was charged with a sacred duty. It was neither becoming nor decent to seek a way of

escape from the purpose of the act because its framers did not at every moment reiterate their manifest purpose.

It is unfortunate for the reputation of Secretary Worcester that up to this time the largest beneficiary more than seven times over by the actual reception of a lease of public land consequent upon this perversion of congressional intent has been his nephew. It is also unfortunate for him that one of the largest prospective beneficiaries to the extent of 500 hectares should be his brother, George S. Worcester (p. 205), whose application for lands in the same immediate neighborhood stands unrejected. It thus appears, besides the holdings of public lands by Secretary Worcester, in clear violation of express statute, his immediate family now controls practically 6 square miles of Philippine farming lands, which were to have been administered by him for the benefit of the inhabitants (meaning citizens of the islands).

OTHER PUBLIC-LAND SALES TO INDIVIDUALS OR CORPORATIONS.

It would be useless and unnecessary to multiply indefinitely as we might instances of dispositions of public lands to private individuals or corporations, in violation of the letter and spirit of the law, but we can not refrain from giving some special attention to those to California corporations.

Certain peculiarly well-informed sugar interests in this country, evidently in a position to read the future with marvelous accuracy, determined, far in advance of congressional action as to the admission of sugar from the islands, to invest largely in Philippine lands aside from the purchase of friar lands hereafter to be discussed, and these interests thought it advisable to purchase public lands. Though Congress had, as we have stated, limited possible sales to Filipino citizens and corporations, the commission, with lofty disregard of a legislative body 11,000 miles away, had made a law unto itself permitting sales to American corporations, and thus it came to pass that when the San Mateo Agricultural Co., the San Carlos Agricultural Co., and the San Francisco Agricultural Co., all California corporations, presented themselves, through E. L. Poole, the common agent of the American sugar interests, he was heartily welcomed, taken on a Government steamer to Mindoro, shown the fatness of the land, and given patents for his principals. Thus it was that 7,500 acres of Philippine public lands, their heritage, as the Filipinos vainly thought, passed into the possession of a small group of Americans who will give Filipinos leave to toil for aliens on the lands of their fathers. This land, capable of supporting, as Filipino farms go, near 2,000 people, is made the patrimony of a few persons, foreign to the workers. Can we understand why the Filipinos do not love us?

FRIAR-LAND TRANSACTIONS.

We come to discuss as we shall only briefly, notwithstanding their real importance, because they have been so fully elucidated by Mr. Martin, the friar land transactions.

We have in the earlier portion of this brief pointed out the fact that it was the intent of Congress that the limitations as to sales of these lands were the same as pertained to public lands—that is, that they might only be sold to citizens of the islands under special conditions as to occupancy, and then only to private persons (citizens of the islands) in tracts not exceeding 40 acres in extent and to corporations not exceeding 2,500 acres. We allude, in passing, to the fact that the Insular Bureau had pointed out to Mr. Hammond, the original attorney of the sugar interests, the futility of restrictions upon the extent of holdings in the island of Porto Rico, with a tacit intimation that the restrictions in the Philippines might be no stronger. (H. Doc. 957, 61st Cong., 2d sess., p. 72.) (Maj. Frank McIntyre, Acting Chief of the Insular Bureau, on September 4, 1909, in writing to Mr. John Henry Hammond, after quoting section 3 of the act of May 1, 1900, relating to Porto Rico, and restricting the holdings of agricultural corporations to 500 acres, said: "It seems to me that we would make a mistake, now that this question is about to arise seriously in the Philippine Islands, to wholly neglect the precedents that may have been established in the construction of this act in Porto Rico. Maj. Shelton, one of the officers of the bureau, was in Porto Rico about the time of the passage of the recent tariff bill, and I cabled him to look up this feature of the matter in Porto Rico, and when he returns, which will be in a few days, he may have this specific information. However, it is very generally known that, notwithstanding the very restrictive nature of the section above referred to, the sugar industry in Porto Rico has been developed as fully as though there were no such provision.")

Let us, then, enumerate the large parcels of land which have passed or are about to pass under the control of the American sugar interests.

San Jose estate.—In the island of Mindoro is a tract of friar lands, about 55,000 acres in extent, which the Philippine Government has contracted to sell, and in large part has sold, to E. L. Poole, as representing H. O. Havemeyer, Charles J. Welsh, and Charles H. Senff, all of whom for years have been engaged in sugar growing or refining in the United States, Cuba, and the Hawaiian Islands. These gentlemen, as stated, long before others appreciated the fact, realized that Congress would so act as to sugar from the Philippines that its production there would be specially profitable and adaptable lands advance in value. Thus an agent, J. Montgomery Strong, was first sent out and looked over certain tracts, making known the object of his visit to some of the Government officials. Thereafter and on his return one E. L. Poole, experienced in the sugar business in Cuba, was made agent for the syndicate and sent to the Philippines with authority to act. Meanwhile the three associates had entered into a sort of partnership agreement, contemplating the immediate raising of $40,000 and thereafter as much as might be necessary for the purchase of 25,000 acres of Philippine sugar lands, the erection of a mill, etc. Pursuant to this agreement the Mindoro Development Co. was formed under the laws of the State of New Jersey, its capital first fixed at $100,000 and afterwards raised to $1,000,000, and the purchase of the San Jose estate took place.

On November 23, 1909, Director of Public Lands Sleeper, with the approval of Secretary of the Interior Worcester (p. 251), entered into a contract with E. L. Poole to convey to him or his nominees 22,484 hectares, 81 acres, and 50 centares of land (the San Jose estate) for the sum of ₱634,000, or $317,000, ₱42,875 being payable January 4, 1910, and the balance in 19 equal annual installments of ₱36,375, deferred purchase money to bear 4 per cent interest. Some later divisions took place, part of the land being conveyed to the Mindoro Development Co. and the balance became transferable to E. L. Poole, his corporate or individual nominees.

Steps have been taken to cultivate sugar and to build extensive mills, to be operated for the benefit of the owners of these lands and of the tracts of 7,500 acres before spoken of deeded to California corporations. Meanwhile, except as finally patented, and little has been or will be for 19 years, no taxes are paid on the land.

The effect of this transaction upon the ultimate welfare of the Filipinos we will consider later.

The Isabela tract.—Mr. E. B. Bruce, of Manila, whose firm represents the principal American exploiting interests in the Philippines, represented the Havemeyer syndicate in the San José transaction and on his own behalf and for others, including his law partner (p. 265), deemed the opportunity of obtaining landed wealth in the Philippines too good to be lost. Accordingly, we find (p. 218) that on January 6, 1910, he entered into a contract of lease for one year, with right of purchase, of 19,448 hectares, 35 ares, and 44 centares (approximately 49,000 acres) of the Isabela tract. For this, if he completes his purchase, he will pay 422,500 pesos, or $211,250, in 20 installments, with 4 per cent interest on deferred payments. For the lease for one year he pays $100, promising the Government, should he not take the lands, to give it the benefit of an agricultural investigation he proposed to make. This investigation has shown the land to be valuable for sugar growing.

Differing from nearly all other leases, Bruce has an unrestricted right of assignment without governmental consent.

The Calamba and Biñan tracts.—Shortly after the above transactions there appeared at Manila A. F. Thayer, who professed to represent, and doubtless in certain respects, if not in all, did represent the Dillinghams, extensive sugar growers of the Hawaiian Islands, and there was leased to him on April 2, 1910, over 1,000 acres of the Calamba estate for the term of six months and for the sum of 487.33 pesos. We find, however, that A. F. Thayer is the lessee (p. 197) of a total of 614 hectares, 24 ares, 32 centares of the Biñan estate and a total of 3,287 hectares, 57 ares, and 55 centares of the Calamba estate. He acquired control, therefore, over approximately 10,000 acres of valuable lands.

We shall not attempt to follow other purchases by or leases to Americans of friar lands, as those furnished are sufficient for illustration, and we have already discussed the Carpenter purchase. Their evils we have commented upon, and we shall recur to them.

GENERAL OBSERVATIONS AS TO THE LAND POLICY OF THE COMMISSION.

It is probable that wrongdoers are rarely unable to justify to themselves their own wrongdoing. In this instance we find that the sale or lease of Filipino land in great quantities to exploiters is justified under plea of the highest welfare of the Filipino, their more steady employment, their enhanced wages.

Even so did Jacob undoubtedly justify his purchase from Esau of his birthright for a mess of pottage, for by so doing did he not give Esau a new lease of life? Has not many a moral slave dealer justified the reduction of his captive to submission by pointing out that but for his intervention the slave would not have been taught the ways of industry and shown the truths of his owner's religion?

It is not a far cry from the position of Jacob or of the slave dealer to that of Secretary Worcester and his fellows of the Philippine Commission. Let us review some of the facts and see.

Ostensibly to benefit the Filipino, to give him employment and raise his wages, the commission, as we believe we have shown, violated the law in the sale to sugar magnates of 55,000 acres of friar lands. The purchasers intend, first, to establish a sugar mill of large capacity and grind all the cane to be produced on this tract and other tracts of 7,500 additional acres. Next they seek to put to work, for a while at least, as many Filipinos as will work for them. Then they propose to sell off or lease to these or other Filipinos the lands they work, and grind their cane for them.

After the Filipinos shall have bought or leased in small farms, and at such prices as the syndicate may fix, the lands in question, the mill will grind their cane, and will be able to charge for such service a price which will leave to the Filipino his bare subsistence. The poor farmer will be at its mercy, for there will be no competitor for the purchase of the cane. A perfect working illustration of the operations of the modern "trust" will thus be supplied, and a thousand Filipinos will make "bricks without straw" for strange masters. The plan is well thought out, and save for unexpected obstacles, not to originate with the commission, will meet with success.

That success is to be expected will be apparent from a consideration of the circumstances. In the island of Negros are Filipino farmers making a fair and independent living, though only with their crude mills extracting 50 to 60 per cent of the saccharine matter. These can not compete with farmers in Mindoro from whose cane will be extracted 90 to 95 per cent. They must either immediately retrogress in the social scale or move to Mindoro. Accepting the latter alternative, they become first laborers for the sugar syndicate and next landowners or lessees in a small way, surrendering all their earnings, save a bare pittance, to the Mindoro Development Co. Their birthright will have been sold to-day for a mess of pottage, and to-morrow they will go hungry.

Let us conceive what an opportunity the commission in its blindness has thrown away. If instead of spending the money of the people in Baguio improving the property of its members, building a mansion for the governor general, and in other things burthensome to the people, it had started or helped to start sugar mills in Negros or Cebu or southern Luzon where charges for grinding would have been under the control of the government, real prosperity and independence would have been the lot of the Filipino farmers and a debt of gratitude would at least have been earned. As it is, the Filipino has seen his patrimony frittered away, as far as opportunity to fritter it away has opened to the commission. Land capable of supporting in comfort and plenty many thousands of toilers has become the possession of a few. The Old World conditions, which have caused millions of people to cross the Atlantic to the United States, are, so far as the humble powers of the commission permit, being reproduced in the Philippines. The ornithologist of Michigan has become a landowner, virtually through sale to himself, the seeker after Easter lilies is the lord of thousands of acres, the executive secretary has and will have hundreds and even thousands of Filipinos contributing through their toil to swell his fortune, the debonair gentlemen of the future American-Philippine sugar trust will command the services of thousands of tenants, the rich sugar lands of the Isabela tract will make more Americans millionaires.

Except as we have indicated we do not attack the "law" honesty of the Philippine officials. While they may not have stolen the goose from off the common, they have permitted the theft of "the common from off the goose." Their intelligent comprehension of their duty to their wards we deny in toto. They have no more idea of true republicanism, of true democracy, than if they had lived 300 years ago. Modern thought means nothing to them. Conservation of resources for future generations they are incapable of understanding.

It is not necessary for us to determine how far their errors and blunders and shortcomings are due to the situation in which they find themselves. We can not forget, however, that they have been petty

monarchs among a people for whom their contempt has been little disguised. Filipino public opinion is either ignored or its existence denied, as has repeatedly been done before this committee. Their attitude is that of the aristocrat toward the plebe, the master toward the serf. Too ignorant to know they should not speculate in things as to which they were trustees, they have had the effrontery to judge as to what was good for a people over whom an unkind Providence has placed them.

THE WORCESTER LIBEL SUIT.

Our review of the record, necessarily brief considering the importance of its subject, would be incomplete without express reference to an instance of tactlessness and official indiscretion, which, were further proof necessary, demonstrates the utter unfitness of Secretary Worcester for the delicate and well-nigh impossible task set before him—that of governing, in defiance of all American ideas of home rule and self-government, an alien race—an instance which shows that, however good a zoologist a man may be, he may lack an intelligent comprehension of the human race.

The judges of the Philippine Islands (save those of the supreme court) are named by the Governor General with the advice and consent of the commission. Such judges hold office during the pleasure of the commission. (Act No. 136.)

Secretary Worcester (p. 577), conceiving himself libeled by a publication in El Renacimiento, induced or permitted the public prosecutor to bring a criminal libel case against the supposed authors, under which they were sentenced to six, six, and eight months in the penitentiary. Not content with this, and perhaps like John Gilpin, possessing a frugal mind, he brought a suit for damages, which, in the Philippines, like the criminal case, was tried without a jury, and recovered a judgment of ₱60,000, or $30,000.

The man who would seek to recover damages for injured reputation before a judge whom he helped to create, and can help to destroy, when such judge must himself determine the measure of recovery without the intervention of a jury, is not such a man as can safely control the liberties of a people.

CONCLUSION.

We have finished our review, incomplete as of necessity it must be, but developing the most salient points. What should be done?

Many of the most prominent American officials in the Philippine Islands have demonstrated such intellectual unfitness and moral obtuseness that they should be summarily removed.

The Philippine Government, without authority, has caused deeds and leases of public and friar lands to be executed to American citizens and corporations. The Attorney General should be empowered to take appropriate methods to have these instruments set aside.

It should be made a criminal offense for Philippine officials, directly or indirectly, to purchase or lease the lands of the Philippines.

Such further legislation should be had as will absolutely prevent American exploitation of the Philippines so long as we exercise jurisdiction over them.

While we have enumerated those things which seem most immediately pressing, we should not for an instant be unconscious of the infinite egotism of Americans in assuming that they, who as yet are but learning to govern themselves, are competent to rule a people of another language, customs, traditions, ideals, and mode of thought. Rather than continue to display our necessary incompetence, we should permit the Filipinos in their own way, learning by their own mistakes, to develop for themselves that system of government and that civilization which shall prove most nearly in accord with their aspirations.

Under the leave to print granted me by the House I shall also insert an interesting article that recently appeared in the National Monthly:

PHILIPPINE INDEPENDENCE—THE DEMOCRATIC DUTY AND OPPORTUNITY.

(By Erving Winslow, secretary of the Anti-Imperialist League.)

THE DUTY.

If a great party ever inherits a duty, none could be more binding than that which devolves upon the Democratic Party as a sacred obligation—to make a declaration of the purpose of the United States to give independence to the Philippine Islands. In three successive national platforms, which were shaped by the leading men of all schools in the Democratic Party, this doctrine has been enunciated in unmistakable terms. The Democratic national platform of 1900 asserted:

"We favor an immediate declaration of the Nation's purpose to give to the Filipinos, first, a stable form of government; second, independence; and, third, protection from outside interference, such as has been given for nearly a century to the Republics of Central and South America."

The Democratic platform of 1904 contained this declaration:

"We insist that we ought to do for the Filipinos what we have already done for the Cubans, and it is our duty to make that promise now, and upon suitable guaranties of protection to citizens of our own and other countries resident there at the time of our withdrawal—set the Filipino people upon their feet, free and independent, to work out their own destiny."

And this was the language of the Democratic platform in 1908:

"We condemn the experiment in imperialism as an inexcusable blunder that has involved us in an enormous expense, brought us weakness instead of strength, and laid our Nation open to the charge of abandoning a fundamental doctrine of self-government. We favor an immediate declaration of the Nation's purpose to recognize the independence of the Philippine Islands as soon as a stable government can be established, such independence to be guaranteed by us as we guarantee the independence of Cuba, until the neutralization of the islands can be secured by treaty with other powers. In recognizing the independence of the Philippines our Government should retain such land as may be necessary for coaling stations and naval bases."

Nothing has arisen to modify or to alter the obligation thus repeatedly and clearly expressed. It is true that in the uprising which has changed Democratic minorities into Democratic majorities no formal appeal concerning this matter has been made to the electorate. But the uprising has been against the elements of centralization, the "new nationalism," and the corrupt and powerful interests, creations of that imperialism, which took its rise from the period of the Spanish War and the establishment of the colonial system. The duty of the Democracy is to destroy the foundations of this corrupting and unnatural growth. It is the "interests," the trusts, and syndicates that are now opposing a promise of independence to the Philippine Islands and which, if they become rooted there, will forever oppose independence.

THE OPPORTUNITY.

The opportunity for fulfilling this duty is a critical one. Year after year Mr. Taft, as Governor General and President, has urged the removal of the tariff barriers between the Philippine Islands and the United States, afterwards to be followed by relaxation of the restrictions limiting the sales of land to individuals and to corporations.

In the first month of his Presidency, Mr. Taft succeeded in effecting the modifications of the tariff between the United States and the Philippines. And last year, with the approval of the Attorney General, he endeavored to have what are called the friar lands, the richest lands in the archipelago, purchased by the United States from the orders, thrown open for unlimited sales to large operators. All the much-vaunted prosperity in the Philippine Islands is connected with this form of stimulation. Concerning it President Schurman, of Cornell, himself one of the early commissioners to the Philippines, writes:

"I was heartily in favor of the policy championed by Senator Hoar and embodied in the act of 1902, limiting the area of sale of lands in the Philippine Islands. In the absence of such limitation the lands would have been sold in large blocks to individuals or corporations, and the Filipinos would have had imposed upon them all the evils of monopolies and trusts from which we are suffering in the United States, without the means of protecting themselves against those evils which we enjoy from the right to choose Representatives and Senators to make and repeal our laws.

"I suppose that the people and Congress of the United States have the power to do anything they like with this Philippine question. But while it is glorious to have a giant's strength, it is tyrannous to use it like a giant. And the subjection of the Filipinos to capitalistic domination, however we may cloak the business in terms of trade and commerce, is oppression and cruelty of the same order as the most despotic empires have ever practiced on subjugated and dependent peoples.

"I hope, therefore, that the Philippine act will be so amended as to bring the lands purchased from the friars under the same restrictions as that act imposed upon the sale of all other lands in the Philippine Islands. If this is not done, and if these friar lands are sold in large areas to individuals or corporations, we shall have officially abandoned the policy of the 'Philippines for the Filipinos,' which we have proclaimed as the established policy of the United States since the islands came under our sovereignty. The Filipinos would feel that we had betrayed a most sacred trust, a trust involving the welfare and economic independence of 7,000,000 people, for whose destiny we have become responsible."

Efforts continuously made ever since Mr. Taft became Governor General of the Philippine Islands are being more persistently pressed than ever under the administration of Gov. Forbes, and are again urged in the report of Secretary Dickinson to open the Philippine Islands in a large way for the investment of capital in exploration, mining, and agriculture. There is no doubt that the islands are rich in many ways hitherto unsuspected and that it would require but little encouragement from the great interests to establish that hold in the Philippine Islands from which the Democratic Party is pledged to deliver the people of the United States. This policy of encouragement has been stated by Mr. Morgan Shuster, formerly of the customs service in the Philippines, when he says, after quoting the belief that the administration favors a long continuance of our sovereignty: "Capital * * * is not in the habit of acting on mere expressions of opinion in matters so vital to its safety * * * I believe that a declaration at the proper time by the Congress of the United States that our sovereignty will not be withdrawn from the islands for a period of at least 50 years * * * would go far to reassure those who are at present deterred by the comparative uncertainty in which the future of the Philippines is veiled." That which predatory wealth desires is, of course, in a general way the exact opposite of what the public good demands. It is the part of Democracy to cause the declaration of Philippine independence to be made that capital may adjust itself accordingly. The occupation of the Philippine lands by absentee owners and their development by the kind of labor which satisfies the owners' demands would absolutely destroy any hopes of independence to the natives or any tenure as possessors of their own soil. This is the result of an administration whose head has repeatedly expressed his belief in a permanent connection of the Philippine Archipelago with the United States, while deceiving himself, perhaps, as well as those who hear him, by promising that in two or three generations the pledge of independence shall be made; meanwhile in every way encouraging the exploitation of the land, which must absolutely confirm the colonial attachment, every foreign capitalist, trust, and syndicate becoming an active lobbyist against any such disturbance of his security as the removal of the United States sovereignty.

The educational system of which we hear so much, and which in its way is a reasonable source of pride, should have gone along with the development of the capacity for ownership and cultivation of the land.

Dr. Barrows, the former superintendent of education in the Philippines, himself says:

"The limitation of land areas to be sold to individuals and corporations, introduced into the organic act of 1902 by the efforts of Senator Hoar, was intended to carry on the excellent economic development of the Philippines under Spanish rule without the investment in productive industry of foreign capital. The Spanish laws for utilizing Spanish lands, forests, and mines were scientifically conceived in the public interests. The Government's first duty was to the small farmer or peasant proprietor, and to the young native merchant and manufacturer.

"The forestry and land bureau had been organized for years and was conducted on scientific lines and produced revenue for the State. The taking up of public lands for agricultural purposes was encouraged, and title given to the actual occupant and settler, but it forbade the possession of landed property by foreign corporations. The unlimited acquisition of mining lands was not permitted, but they were subject to leases or concessions."

While we point to the increase of exports and imports since the removal of the Philippine tariff as an indication of prosperity, what efforts have been made and with what success to build up the prosperity and happiness of the Filipino people? Because the lands have not been rapidly taken up by the Filipinos, Gov. Gen. Forbes now says that it is useless to wait, that it might take several generations to develop the latent resources of the islands without the assistance of outside capital. But the Government has merely published favorable laws, and has taken no pains to acquaint the poorer classes with the opportunity to acquire lands, and has done nothing to encourage its clients by supplying surveyors and land agents to assure the correct location of settlers. The only successful result to which the Secretary

of War can point, in his recent report, is the penal colony of Iwahig, where thousands of criminals carry on industrial and agricultural pursuits under an administration largely controlled by themselves—a very striking object lesson of what real Filipino independence might be.

On the other hand, the agricultural bank, which was intended to be of assistance to the peasant proprietor, has been a wretched failure, excuse being made therefor that so many of the titles of applicants were defective, a matter which, with good will, could be easily cured. Out of 565 applications for loans, 453 were refused, so that the total amount loaned has aggregated only $142,225.

Without entering into particulars of the sales of the friar lands, which it has been attempted to exempt from the conditions applying to the other public lands in the Philippine Islands, it is sufficient to summarize that, first, the lands were held by friars; second, the American Government found the money to buy them out; third, the Filipinos pay the interest on this loaned purchase money; fourth, American trusts and companies walk into possession and acquire the benefit thereof.

Those who are the guardians of the common people and who believe that one of the functions of government is the restraint of greedy and selfish capital desire, for the peace and welfare of those who are at present their wards, that the Filipinos should be protected by the certainty that their independence is a fixed and inevitable fact and that the promise of it is not a rainbow, an iridescent dream, to be offered them at some future time when, with the unchecked trend of affairs, the occupants of the islands will be either representatives of foreign or American capitalists, or landless peasants.

The matter of government would arrange itself in case of independence under that protection secured to the Archipelago by neutralization of the powers.

And here let the repeated mendacity be once more refuted that, while the Filipinos want independence, they want American protection at the same time. They want general neutralization under the ægis of that great principle of international law prevailing in Belgium, Switzerland, Luxemburg, and Norway.

The absurdity of the stupid persistence of the statement is beyond belief that the Filipinos are still untrained in the exercise of political rights under a republican form of government. The Secretary of War acknowledges that "there are very many highly educated Filipinos, many men of talent, ability, and brilliancy," perfectly capable, of course, of guiding the destinies of their own people according to their own methods and their own way of understanding and enjoying life. We are not going to turn the Oriental into a Yankee until the crack of doom. We have not quite yet decided ourselves what a "republican form of government" is here in America after our long experience, and the question whether the popular initiative and referendum is consistent therewith is yet to be decided by our courts. There might even be some internal disorders in the evolution of national life in the Philippines. What then? We had a little difficulty, a generation or two ago, which rather puts us out of court as throwers of stones. As Mr. Storey says:

"A formal declaration of independence is the only source of peace and good order. It must be remembered that the speeches and writings of the fathers of the country and of our great statesmen are in the hands of the educated Filipinos, and that they are deeply imbued with the aphorisms of the Declaration of Independence and the principles of our Constitution. Any effort to turn the wheels of progress backward will inevitably lead to disorder Secretary Dickinson warns his countrymen that 'if the present policy of control of the islands by the American people shall continue,' there will be discontent, and this discontent will increase. A recent writer says, addressing the American people: 'If your policy is against independence, and even against encouraging hopes for it and plans for it, and if you are stubborn enough to persist in that policy after it has been shown to be a mistake, you must expect the natural consequence to follow, namely, frequent dissatisfaction, dislike, and failure. But a change of policy would lead to quite other results.'

"We learn now that the two houses of the Philippine Assembly are in a deadlock because they can not agree upon the choice of the two Resident Commissioners which the Philippine Assembly is authorized to elect and send to the United States. These Commissioners have no power and no vote. They are intended merely to speak for the Filipinos, and for this purpose have seats in the House of Representatives. They are the only channel through which the Filipino people can reach the Congress and people of the United States. The representatives of the Filipinos should surely have the right to select these, but, as a matter of fact, the upper house of the Filipino Legislature, which consists of the Philippine Commission, including the Governor General, controls their choice. The men selected by the United States to govern can dictate who shall speak for the people whom they govern. This can not continue.

"Every American, whether in official station or private life, feels superior to the brown man and consciously or unconsciously shows it. Such an attitude is fatal to any real sympathy between governors and governed, without which no government can hope to succeed. We have no right in the islands, and the longer we stay the wider will be the gulf between the Filipinos and ourselves. The present relation costs both nations dearly, not merely in money, but in character and self-respect. It can not endure, and no financial ties can do more than make the separation more difficult and costly. All the money invested in slaves could not save slavery, and it will be equally powerless in the Philippines when the hour and the man come. To the Democrats, soon to be in power, the Americans and the Filipinos appeal: 'Deliver us from the body of this death.'"

Mr. UNDERWOOD. Mr. Speaker, the proposition before the House is this: We have issued nine hundred and some odd million dollars of 2 per cent bonds that the banks can use for the purpose of issuing bank notes against them for circulation purposes. Of those nine hundred and odd million dollars' worth of bonds that are now outstanding, seven hundred and odd millions are owned by the banks. There are only something like $200,000,000 of bonds that the banks of the country can buy to-day if they want to start new banks or increase their circulation, so that there is very nearly a monopoly of this right.

Last year, when it was demonstrated that we would have a deficit in the Treasury unless we paid the expenses of building the Panama Canal by the issuance of bonds, a law was passed providing for the issuance of $290,000,000 worth of bonds to pay those expenses. That law provided that these bonds should be sold by the Secretary of the Treasury, to bear not over 3 per cent interest, and on the same terms, so far as being used for security for national-bank notes, as the 2 per cents were issued.

Now, it is not necessary for the Secretary of the Treasury to sell these bonds as 3 per cent bonds if he does not want to do it. If the condition of the country will warrant it, he can sell them to bear 2 per cent interest, just like the other 2 per cent bonds. I concede the fact that the Secretary of the Treasury does not think he can sell them as 2 per cent bonds, and I am inclined to think he can not, but he has the right to sell them, paying 2 per cent interest, if he desires to do so and if the country will absorb them at that rate. That is the law. There has not been any reason within the last year why the Secretary of the Treasury could not sell the bonds and get the money that he wants to take care of the Government, except that he does not want to sell the bonds that he has been authorized by law to sell. If this bill is defeated, there will be no reason why the Secretary of the Treasury can not sell bonds to make up the deficit in the Treasury, except his own refusal to do so.

Mr. CULLOP. Will the gentleman permit a question?

Mr. UNDERWOOD. Certainly.

Mr. CULLOP. It seems that the purpose of this bill is to prevent these bonds from being used as security for the issuing of circulating notes by national banks.

Mr. UNDERWOOD. That is correct.

Mr. CULLOP. That is the purpose expressed in the bill.

Mr. UNDERWOOD. That is correct.

Mr. CULLOP. What reason is given why bonds issued for the building of the Panama Canal should not be used to secure the circulation of national-bank notes?

Mr. UNDERWOOD. There was a hearing before the committee, and the reason stated in that hearing was that if we gave these bonds that the Secretary of the Treasury is authorized to sell the privilege of being used as security for the issuance of circulating notes by national banks we would depress the price of bonds that we have already issued. That is the reason that they gave.

Mr. CULLOP. How would it depreciate them?

Mr. UNDERWOOD. Because they say there would be more bonds in the market with that privilege than the market is ready to take up. That is the reason given by gentlemen who want the privilege stricken out.

Mr. GILLESPIE. Is not there another reason—that you can not sell the bonds now at 2 per cent? If you sell the bonds at 3 per cent the national banks, under the privilege attached to those bonds, will throw the twos on the market in order to get the threes.

Mr. UNDERWOOD. I do not agree with my friend there.

Mr. GILLESPIE. Is not that what they claim?

Mr. UNDERWOOD. Yes, they claim that; but the most of these twos are held by the national banks to-day. I say it would be simply absurd to say that the national banks of this country are going to force on the market a 2 per cent bond which they hold, and against which they can issue money up to its par value, in order to go out and buy a 3 per cent bond at a higher price.

Mr. FOSTER of Illinois. Will the gentleman yield?

Mr. UNDERWOOD. Certainly.

Mr. FOSTER of Illinois. Are any of these bonds now held by banks as a basis of circulation in such condition that if they surrendered the 2 per cents and 3 per cents deposited in their places that they could go to the Treasury and demand payment of the bonds?

Mr. UNDERWOOD. Not at all, for none of them are due. But I understand there has been some claim by outside parties, not by the Treasury Department, that there is some moral obligation on the part of the Government to maintain the price of these 2 per cent bonds. The Secretary of the Treasury went before the Ways and Means Committee and disclaimed that proposition.

Mr. FOSTER of Illinois. When are the 2 per cent bonds due?

Mr. UNDERWOOD. They are 30-year bonds; they are not due for nearly 30 years to come.

Mr. CULLOP. One more question, if the gentleman will allow me. If this bill should become a law, would not the effect be to diminish the amount of securities for securing the national-bank circulation and therefore have a tendency to decrease the amount of circulating money in the country?

Mr. UNDERWOOD. Undoubtedly it would make it more difficult for a new bank to get bonds to issue circulation.

Mr. CULLOP. Would it not also have the effect of increasing the market price of the other bonds on the market?

Mr. UNDERWOOD. Certainly, and that is the reason they want this stricken out.

Mr. PICKETT. Will the gentleman yield?

Mr. UNDERWOOD. I will yield to the gentleman.

Mr. PICKETT. I want to get a correct understanding of the situation. Is it the gentleman's opinion that a permission for the Panama bonds to be used as a basis of circulation will depreciate the 2 per cent bonds?

Mr. UNDERWOOD. I said I did not think it would seriously depreciate the 2 per cent bonds. The reason is that the twos, or the larger portion of them, to-day are held by the national banks, they having issued money against them to the full face value of the bonds. Now, why should they draw in that circulation and sell the twos or put them on the market? Unless the twos are forced on the market there will be no depreciation below what they are selling for to-day, which is about par.

Mr. PICKETT. There may be some impairment, but not serious, the gentleman thinks?

Mr. UNDERWOOD. Oh, there may be some. I think the real situation is this: These 2 per cent bonds some years ago were bought by the banks when the Government was depositing money in the banks. They bought them and got 2 per cent interest, and got the Government money deposited and the amount of the bonds. When they did that it was a profitable undertaking. They bought these bonds in the market at a premium. It was a mere matter of speculation, just as you and I would go out and buy a block of railroad stock. Now, I think they want to prevent the use of these bonds for a circulating medium and thereby ultimately force the twos back to the price they originally paid for them.

Mr. FORDNEY. Will the gentleman yield?

Mr. UNDERWOOD. Certainly.

Mr. FORDNEY. How many of the 2 per cent bonds are now held by the national banks?

Mr. UNDERWOOD. I understand that there are $736,000,000.

Mr. FORDNEY. Is it not true that if the 3 per cent Panama bonds are permitted to be used for circulation in the establishment of more national banks in the country, no 2 per cent bonds will be used at all, but 3 per cent bonds would be at a premium and the 2 per cent bonds would be depreciated?

Mr. UNDERWOOD. Well, I think this: I do not hesitate to say that if the Secretary of the Treasury sells these bonds at 3 per cent—and mind you, he can sell them at 2, if somebody will buy them from him——

Mr. SHERLEY. Will it not also depend upon the price that the threes bring?

Mr. UNDERWOOD. Oh, yes.

Mr. SHERLEY. Threes may be worth so much in the market, and there will be no advantage to the bank to buy threes for circulation any more than twos.

Mr. UNDERWOOD. If 3 per cent bonds are put on the market they will sell for more than 2 per cent bonds, of course; but I say this: If there is likely to be any injury done by issuing the 3 per cent bonds there is a remedy for that that would not work an injury to the Government, and that will be to equalize the bonds when used for the purpose of issuing money against them, so that the bonds would stand on a parity, so far as the issuance of national-bank notes is concerned.

Mr. PUJO. As a matter of fact, do not the great stable Governments of Europe issue their obligations for a much higher rate of interest than 2 per cent?

Mr. UNDERWOOD. They do.

Mr. PUJO. Is it not true that British consols are quoted as yielding 3.16 per cent, French rentes 3.06, and imperial bonds 3.61?

Mr. UNDERWOOD. Well, I do not know the exact figures.

Mr. PUJO. Approximately. Now, does the gentleman believe that the Congress of the United States, after having issued its obligations for approximately $912,000,000 as a basis for its circulation, should subsequently issue these bonds first at 2 per cent and then come in and issue a bond bearing a higher rate of interest, thereby depreciating the obligations which it has made current?

Mr. UNDERWOOD. If the gentleman is through, I will answer the question. I do. I most emphatically do. There is not a municipality or county or city that does not issue its bonds, and then, if its financial exigencies require it to issue more bonds, that does not do so according to the conditions that confront it at the time. There is not a great Government in this world except ours that attempts to maintain the price of Government security. British consols sell up and down the line, according to the demand for them, and there is no reason and it is not good financial policy for the Government of the United States to inject the Treasury Department into the bond markets of the world to sustain the price of these bonds. We should sell the new bonds at 2 if we can do it, and if we can not, we must sell them at the price that Government bonds will bring to-day in the market.

And I say that it is bad financial policy for us to attempt to pass a bill to-day that is intended to depreciate the security we are selling for the benefit of the American people, to appreciate, on the other hand, a security that we have already sold and are under no moral obligation of any kind whatever to maintain the price of.

Mr. LONGWORTH. Will the gentleman yield?

Mr. UNDERWOOD. I yield to the gentleman.

Mr. LONGWORTH. I merely wanted to suggest to the gentleman that I think he omitted to say what I regarded as the most important argument advanced by the representatives of the Treasury Department, to wit, that it was their desire that this new issue of bonds should go generally to hundreds of small holders, which of course would not be possible in the case of 2 per cent bonds, and that there would be no object therefore in having the circulation privilege attached, the desire being not to have these bonds absorbed by the banks, but to have them spread generally over the country.

Mr. UNDERWOOD. I can not appreciate fully the argument of my friend from Ohio, when I realize that the Government of the United States has had adopted a savings-banks policy in which they propose to pay the depositors only 2½ per cent interest, and to which the depositors can go to-day and get 2½ per cent interest, for them to come here now and say they want to issue these bonds for the purpose of having them held by individual citizens instead of for circulation—in the face of already having adopted another policy for the citizen of the United States to lend money to the Government.

Mr. ADAIR. Will the gentleman yield?

Mr. UNDERWOOD. Certainly.

Mr. ADAIR. Is there any provision in the law authorizing the issue of Panama bonds requiring the departments to charge a higher rate of interest to banks which may put them up as security for currency than is charged on the 2 per cent bonds?

Mr. UNDERWOOD. Not now. I merely suggested that could be done if the Treasury Department desired to balance the advisability of issuing these bonds for circulating purposes, but it is not the law now.

Mr. McCALL. Will the gentleman permit me to say what would be the object for the private investor to pay par for Government 2 per cent bonds when he can deposit his money with the Government and get 2½ per cent for it?

Mr. UNDERWOOD. Well, I do not think there would be any object.

Mr. FITZGERALD. Only very small investors, however.

Mr. UNDERWOOD. Now, Mr. Speaker, I think I have stated my position on the bill, and I desire to yield five minutes to the gentleman from New York [Mr. HARRISON].

Mr. HARRISON. Mr. Speaker, this should be called a bill to sustain the assets of the national banks of the United States at the expense of the Government. If these bonds are put out at 3 per cent with the circulation privilege they will bring a higher price in the market than if they are put out at 3 per cent without the circulating privilege, because they will be worth more to the national banks of the United States. Now, in that respect I differ slightly from my colleague on the committee, the gentleman from Alabama [Mr. UNDERWOOD]. I believe that to some extent the national banks will sell their twos and buy these 3 per cents if they carry the circulation privilege, because, deducting the one-half per cent tax, they will get a half per cent more for holding the 3 per cent bonds with the circulating privilege than they would by holding the 2 per cent bonds.

Mr. DOUGLAS. Will the gentleman permit a question?

Mr. HARRISON. I can not yield in only five minutes, I regret very much. If there is to be any profit made out of this bond transaction that profit should go, in my judgment, into the Treasury of the United States, and it should not be diverted by this proposed change in the law to the treasuries of the national banks of the United States. Now, the gentleman from Ohio advanced the argument that this exempting of these proposed bonds from the circulating privilege was for the purpose of disseminating these investments into the hands of small holders throughout the United States. That was the argument advanced by the Treasury officials before the committee, but in my judgment that is not entitled to an atom of respect. The people of the United States have not yet reached a point where they are going to tie their money up in 3 per cent Government bonds, which they have to buy at a premium, when the money markets of the world have during the last 10 years uniformly increased the returns to investors upon the highest gilt-edged securities. It was only 15 years ago when the British consols, then paying 3 per cent interest, were selling at 10 points premium. They are now at 2½ interest and selling at 78.

The 2 per cent bonds of the United States were not so very long ago selling at 10 points premium. They are now down to about three-quarters of 1 per cent premium and the general tendency of the money markets all over the world is in the direction of giving the individual investor greater returns upon high grade gilt-edged securities. Now, that being so, in my judgment it is inevitable that the value of our 2 per cent bonds artificially sustained by our national-bank act are going down in the same way that other Government securities have gone down and in the same way they are all going down, and it is futile to attempt to stop this decline by any such legislation as this.

Mr. FORNES. Will the gentleman yield?

Mr. HARRISON. I will.

Mr. FORNES. Is it not a fact that the New York municipal bonds sold on a basis as low as 1.90; that the Massachusetts State bonds sold within the last 12 years on a basis as low as 1.80; and is it not a fact now that these very same bonds are selling not on a basis of 4 per cent but on a basis of about 3½ per cent?

Mr. HARRISON. I thank my colleague for the suggestion, and that is in line with the argument I am pursuing.

Mr. HILL rose.

Mr. HARRISON. I am very sorry to seem discourteous, but I have only two or three minutes and I must decline to yield. Now, Mr. Speaker, there is one other point in this discussion which I have heard brought out and upon which I wish to dilate for the few moments which remain to me. This will be the beginning of the end of issuing United States bonds with the circulation privilege, and if we stop it now on these bonds we will stop it for good and for all. It would be most desirable to adopt some basis for our currency other than United States bonds, but until we have adopted some other system of banking we can not afford to close that market entirely to the issue of national currency.

The SPEAKER. The time of the gentleman has expired.

Mr. HARRISON. Mr. Speaker, I will ask the gentleman from Alabama [Mr. UNDERWOOD] to give me three minutes more.

Mr. UNDERWOOD. I yield three minutes more to the gentleman from New York.

Mr. HARRISON. In the recent Roosevelt panic in 1907 in New York, the credit of the banks and of the trust companies was so restricted that the merchants of that community were obliged to deal in clearinghouse certificates. In other words, there was not enough currency to enable them to do their business. Now, if we take away from these Panama bonds the currency privilege, that in so far will restrict for the future the possible expansion of our money market at a time when we need it most.

Now, the Secretary of the Treasury in answer to that maintains that at the present time the market is saturated with bonds bearing the circulation privilege. Well, perhaps it is, but there are times of the year, and, at other times, from year to year, when the market becomes contracted, notably every year when it comes to moving the crops of the country, and at those times more money and not less money is necessary to transact the business of the country. If we now begin to chop off from the United States bonds the circulation privilege without giving in exchange some other method or basis for issuing the currency of the national banks, we thereby and in so far take away from the possibility of an extension of credit at times when the market needs it the most.

Now, Mr. Speaker, for that reason, in addition to the others that I have stated, I am opposed to this bill, and I hope the Congress will not—under the idea that we are obligated, even if it is only a moral obligation, to sustain the assets of the national banks—which is an erroneous conviction, I believe—put it out of the power of the national banks in the future to issue the currency which is needed by the business interests of the United States. [Applause.]

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Indiana [Mr. KORBLY].

Mr. KORBLY. Mr. Speaker, according to its title this is a bill—

to restrain the Secretary of the Treasury from receiving bonds issued to provide money for the building of the Panama Canal as security for the issue of circulating notes to national banks, and for other purposes.

The real purpose of the bill is not disclosed in its title. This purpose is to prevent some $700,000,000 worth of 2 per cent bonds from going below par in the market. In proof of this I wish to quote a few words from the speech of President Taft made on Lincoln's birthday, 1910, in New York City, as follows:

We have now about $700,000,000 of 2 per cent bonds, with respect to which we owe a duty to the owners to see that these bonds may be taken care of without reduction below the par value thereof, because they were forced upon national banks at this low rate in order that the banks might have a basis of circulation.

Hence I am justified in saying that the real purpose of this bill is to prevent the Government 2 per cent bonds from going below par.

The Panama bonds named in this bill are the bonds which were authorized by the lamented Payne-Aldrich Tariff Act of August 5, 1909, which authorized the issuance of Panama bonds at a rate not excepting 3 per cent interest per annum to the amount of $290,569,000. This is the sum determined upon as necessary to effect reimbursement to the Treasury for advances from the general revenues and to pay for the work remaining to be done before the canal is completed. It is estimated that some $160,000,000 worth of these bonds must soon be sold for the purpose of reimbursing the Treasury and for the completion of the canal.

At the time these bonds were authorized the difficulties attending their issue could be clearly discerned. It was then well known that an issue would send below par more than $700,000,000 of outstanding 2 per cent bonds. These 2 per cent bonds were all issued under inducements pursuant to which the holders of 3 per cent, 4 per cent, and 5 per cent bonds accepted the 2 per cent bonds in their stead. The foremost inducement for this exchange was a reduction of the tax on the circulating notes of national banks from 1 per cent per annum to one-half per cent per annum on all circulation secured by the 2 per cent bonds. It was suggested at the time that the Government should safeguard the immense issue of 2 per cent bonds by a differential tax, equalizing the proposed 3 per cent bonds with the outstanding 2 per cent bonds; that is to say, if the Panama 3 per cent bonds were to be used to secure bank circulation, the tax on the bank notes issued in such a case would be increased so as to reduce the profits of the 3 per cent bonds to a point equal to the profits of the 2 per cent bonds. This, however, would have been, in effect, the issuance of more 2 per cent bonds, and the truth is that the large volume of 2 per cent bonds are in need of something more than the protection of a mere parity in this behalf.

In a speech made in the House on June 9, 1910, on postal savings banks, I said:

It is well known that the President will not sell any of the 3 per cent bonds authorized by the new tariff law, for the reason that it would force an equal amount of the 2 per cents on the market on an investment basis, which would result in the "reduction below the par value thereof," probably of one-third. And it is actually proposed to invest the people's savings in these bonds, notwithstanding the widespread opinion that they would rule below par as an investment.

Another one of the purposes of this bill is to make easy the way for a central bank. The question of the establishment of a central bank of issue which shall provide currency in lieu of the national-bank notes now in circulation, is pressing to the front. This, of course, will be an administration measure. Those who are promoting the central-bank scheme recognize that one of the most difficult problems to be solved is that of providing for the national-bank notes now outstanding. It is clearly seen that in order to make satisfactory provision for these bank notes some means must be found for taking care of the $700,000,000 of 2 per cent bonds now pledged by the national banks to secure these notes. If the circulation privilege or burden, to speak more accurately, were to be taken from these notes they would fall in price to a point which would entail a tremendous loss upon the banks which hold them. The postal savings-bank scheme was adopted as one means of relief. It is proposed that the funds of the poor people will be used by the Government to take the 2 per cent bonds off the hands of the national bankers and thereby discharge the duty which the President said in his Lincoln birthday speech "we owe to the owners" thereof. In other words, we must not allow these 2 per cent bonds to be forced to an investment basis by the issuance of Panama bonds, but the washerwomen and the poor people, generally, who are not supposed to possess sufficient intelligence to make their own investments are to have their savings invested in these 2 per cent bonds by the Government, notwithstanding the fact that these bonds are likely to go below par and would go below par on a purely investment basis.

Over and over we have been told about the duty we owe to the national bankers who own the great bulk of the 2 per cent Government bonds, and it is a distressing thing to see the administration steadily pursuing a policy which indicates an intention to shift the burdens incident to these bonds from the shoulders of the bankers to the shoulders of the poor people.

The bill in question is another of the many proofs of the folly of bond-secured currency. What a ridiculous proposition that a bank note promising to pay the bearer a dollar shall be

secured by a Government bond which would not sell in the markets for a dollar. The great function of currency is subordinated to the bond market.

Our experience with the so-called national currency has been an unhappy one. It had its origin in an attempt to force a market for United States bonds; and as is usual, one folly leads to another and this is the latest one to make its appearance. The Government of the United States has too long been in the banking business and incidentally in the business of supporting the bond market. The bonds of other nations sell in the markets of the world sometimes above par and sometimes below par. In the days of the Civil War and subsequently the American Government prided itself upon the fact that its bonds did not fall in price below par. This was merely closing the eyes to the fact that the bonds, which were a written express promise to pay, were measured in value by greenbacks, which were an only implied promise in writing to pay.

Unquestionably this bill discloses the fact that the Government of the United States has overreached itself in the matter of 2 per cent bonds. This ought to give pause to that apparently large number of people who regard the promise of the Government as the best security obtainable. It is very evident that the national bankers do not regard the possession of these bonds as the most desirable property, and instead of the administration looking the situation squarely in the face and admitting the truth of the statement that the outstanding 2 per cent bonds would not float at par on a purely investment basis, it seeks to conceal the fact by legislative jugglery. The honest, manly, statesmanlike way of meeting the difficulties of the situation is to refund all the bonds of the United States Government, so that any duty we owe to the owners thereof may be discharged by putting these bonds on such an investment basis as will protect the owners and conserve the honor of the Nation.

The Republican Party has boasted of its enlightenment and its capacity, but it has not shown incapacity and ignorance in anything more markedly than it has in dealing with the great question of banking and currency. This bill is but one more patch to the already crazy patchwork of the past 60 years.

Mr. UNDERWOOD. Mr. Speaker, I yield three minutes to the gentleman from Indiana [Mr. CULLOP].

Mr. CULLOP. Mr. Speaker, the purpose of this bill, as it will be seen from the reading of it, is that all bonds hereafter issued for the purpose of raising money to build the Panama Canal shall contain a provision in such bond that they shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks, and the bonds containing such provision shall not be receivable for that purpose.

This legislation is proposed for the purpose of contracting the circulating medium of the country. It can have no other purpose. A scarcity of money makes money dearer, makes money scarce, and the rates of interest high. If it will not contract the currency, the circulating medium of the country, it will prevent an expansion of the same, and as the growing population and the commerce of the country require a greater volume of money to conduct the increasing business incident thereto, it will therefore have the effect to prevent the issuing of a larger amount of bank notes to meet the requirements of public demand.

It will do another thing, and that seems to be the real purpose of the bill. As I gather from the statements that have been made by the gentleman from Alabama [Mr. UNDERWOOD] and the gentleman from New York [Mr. PAYNE], it might properly be inferred that it is a matter of speculation created by legislation to enable bondholders and speculators in bonds to appreciate the value of their holdings. It has been suggested that legislation ought to be enacted which would prevent a depreciation in the value of the bonds of any holder in this country. Upon what principle is that suggestion founded? Is there any more reason that legislation should be enacted to sustain the value of one man's property any more than that of another? If you are to legislate to sustain the value of the bondholder's bonds, you ought to legislate to maintain the value of the farmer's corn, of his wheat, and of the merchant's merchandise, and of every other product on the market. [Applause.]

Pass this measure and it will prove an obstruction to the expansion of our circulating medium and place in the hands of capitalists an instrument by which they can regulate the amount of currency at their pleasure for their advantage at the expense of the people and the business of the country. Pass it and it will swell by millions the profits of bond speculators by increasing the value of one kind of Government bonds and depreciating the value of the other kind.

The measure is indefensible, in my judgment, and should be defeated. [Applause.]

I suggest that the proper title of this bill should be "A bonus for the bondholder." This occurs to me from its provisions to be its real purpose, and this will be the effect of its passage. The millions of Government bonds issued for the construction of the Panama Canal will have taken from them one of their most valuable functions, that of securing the issue of national-bank notes, a circulating medium which constitutes a large portion of the amount of money in circulation. Eliminate this function from the Panama bonds and you depreciate their value on the market, lessen the demand for them, and increase the demands for all other Government bonds and appreciate their value. This result is inevitable. This is the real purpose for the passage of the bill. Any other purpose expressed is merely ostensible and not the real one.

It will injure the advantages now secured to the people for a stable expansion of the currency of the country by limiting the securities for the issuing of national-bank notes, and for this reason in the event of a money stringency at any time would inure very advantageously to the benefit of the money sharks and enable them to exact larger interest for money loaned. Our population is rapidly increasing, our commerce is growing daily, and to enable us to conduct it freely and profitably ample money must be provided to meet its requirements.

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, during the four years I have occupied a seat in this House I have bitterly opposed all forms of special privilege and class legislation. I shall vote against this bill, because I consider it a proposition solely in the interest of the banks and individual bondholders. Congress has authorized the issue of $200,000,000 of bonds, at a maximum rate of 3 per cent, to pay for the construction of the Panama Canal.

The question involved in this bill is, How shall these bonds be issued? Shall they be issued with or without the circulation privilege? To issue them without the circulation privilege will undoubtedly lessen their value and decrease the amount the Government will realize from their sale. To issue them with the circulation privilege will increase their value and add to the amount the Government will realize from their sale.

Now, Mr. Speaker, I propose to stand by the interests of the Government and the people by voting against the passage of this bill. I want the Government to receive the very best price for these bonds, therefore I shall not vote to lessen their value by taking away from them the privilege or right to be deposited with the United States Treasury for the purpose of securing circulation of bank notes. The real motive behind this bill is to increase the value of the outstanding 2 per cent bonds, of which there are $912,000,000, and this is to be done for the benefit of the banks and individual bondholders. While I am interested in the banking business myself and would profit by the passage of this bill, I shall nevertheless vote against it and fight it just as hard as I would any other bill intended to enrich the few at the expense of the many. We are not here to legislate in the interest of the banks and bondholders, but we are here to legislate for all, and to see that everybody gets a square deal. Our duty is to the Treasury and the people, and that is the side I propose to advocate. The Member who votes for this bill must answer to his constituents and can not escape the consequences.

The country is growing rapidly and our increased population will necessitate the organization of more banks to care for the increased business, and these additional banks will be required to put up bonds with the Government to secure circulation. Of the $912,000,000 2 per cent bonds now outstanding, all except $72,000,000 are now owned by the banks and are deposited with the Treasury to secure circulation. This only leaves $72,000,000 available for new banks organizing in the future. Therefore, Mr. Speaker, it will readily be seen that if the Panama bonds are denied the same privilege as the present 2 per cent bonds, it will create a very large demand for the twos and materially increase their value. This result will greatly inure to the benefit of the banks, while it will depreciate the value of the Panama bonds and work an injury to the taxpayers of the country.

Mr. Speaker, it has been argued here that to allow these bonds the circulation privilege will depreciate the value of the outstanding 2 per cent bonds held by the banks, and that it is the duty of the Government to maintain all of its securities at par. In the first place, I do not believe the 2 per cent bonds will depreciate, and, besides, the Government is under no obligation to guarantee their market value. The purchaser of a Government bond takes the same chance that the purchaser of

any other bond takes. The value of all bonds goes up and down according to the prevailing interest rates and business conditions. If you are going to ask the Government to guarantee the price of bonds for the benefit of the bondholders, why not with equal consistency ask the Government to guarantee the price of the farmer's products or the products of the manufacturer.

Ah, Mr. Speaker, this is simply a scheme to blacklist the Panama Canal bond issue for the benefit of a bond-holding class. I am not surprised that the Wall Street interests are back of this proposition, but I am surprised at the argument some gentlemen are making on this floor. To provide that no other bonds shall be issued to secure circulation except the $912,000,000 now owned by a few people is the worst form of class legislation, and I am unalterably opposed to it.

Not only is it class legislation, but what would be the result in case of a money panic? Everybody well remembers that during the Roosevelt panic in 1907 actual money in circulation was insufficient to carry on the business, and in all the large cities they resorted to clearinghouse certificates, while in many country towns banks were forced to limited payments. Now, if you take away from the Panama bonds the circulation privilege, you will make it impossible to expand our money market at the very time it is most needed. This bill, if passed, can not but contract the circulating medium of the country, and by so doing makes money scarce and interest rates high. This will work a great hardship on the merchant, laborer, farmer, and manufacturer, and no Member who has the interest of the plain people at heart should support it.

Mr. Speaker, the issue is plain. It is the people against the bondholders. It is the interest of the masses against the selfish interest of the speculator. It is simply a proposition to rob the United States Treasury of the true value of the Panama bonds and add to the burdens of an already overtaxed people for the benefit of a bond-holding class. I am opposed to it. I shall vote to safeguard the Treasury and protect the people. I sincerely hope this bill will be defeated, and that this day will mark the beginning when the granting of special privileges will be brought to an end.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. UNDERWOOD. Mr. Speaker, how much time have I consumed?

The SPEAKER. The gentleman has 28 minutes remaining.

Mr. UNDERWOOD. I yield five minutes to the gentleman from Tennessee [Mr. SIMS].

Mr. SIMS. I want to state to our party friends over here and our contending friends on this side that this bill is, in effect, equivalent to making a direct appropriation out of the Treasury of the United States to cover losses which may be incurred by the holders of present bonds. That is what it means, because if you blacklist future issues of bonds of this Government for the benefit of the men who already own the bonds now outstanding and damage the selling value of the future issues of bonds, to the extent of that depreciation it is a direct appropriation to the present bondholders.

How many stockholders of national banks in this House are going to vote for this measure that is of direct personal interest to them? I hope not one. If you will not vote for it on account of being interested, why would you vote for it at all? Whenever you say that a future issue of United States bonds, the securities of the Government that must be issued perhaps to carry on war or defend the Nation, may be blacklisted in the effort to sustain the value of personal property of private and corporate holders, I say in effect that any man who buys Government bonds does it under the rule of caveat emptor—takes the risk and takes the profit if there is one, and takes the loss if there is no profit. Six hundred and thirty-six millions of these bonds are now owned by the banks, on which they have issued circulation to the par value. They get interest on the bonds at 2 per cent, and they get interest at 6 or 8 or 10 per cent, or whatever they loan the circulation for, in addition. There never was an hour since the Civil War, when the bonds are used to secure circulation, that the interest on the bonds so deposited should not have stopped immediately.

The proposition is brought up here that the banks bought these bonds to use as security to get United States deposits. What do they want with deposits? To loan them out for a profit. The whole object and purpose of buying these bonds to secure deposits was to make money for the banks, for the stockholders.

The people are not going to be fooled by such a measure as this. They know that this is in the interest of the Banking Trust of this country, the Money Trust, and you can not fool them one bit. If this bill will not reduce the price of the bonds hereafter to be sold, it will not reduce the price of those already sold. You can not get away from the inevitable, natural, logical result of this act.

Now, if any of you gentlemen on that side, or anybody on this side, wants to vote here directly in the interest of private holders, in order to make sure that purchasers have made no mistake in purchasing the bonds heretofore purchased, he should understand that the bonds were in fact purchased for speculative, selfish, business reasons. Who ever heard of bankers and financiers loaning out their circulation for anything less than the interest which money loaned was commanding at the time the loan was made? Why, I am astonished that our Republican friends, who have always been the friends of the national banks when they have had any friends, should come now, when they are about to go out of this House, and make this last dying effort, in order to sustain the banks and the private owners of the stock, and ask that we blacklist the securities of the Government itself in order to do so.

If these issues are to be deprived of any of the elements of value that the other issues ever had, then the argument will be made and the precedent will be set with respect to some other issue of bonds, issued, perhaps, to build a canal or do some other Government work, and that precedent will be cited as the reason for doing it again. I am astonished that financiers and great statesmen should think of embarking upon a proposition of this kind. The day will come when you may want to add taxes of certain issues, when someone who for selfish reasons has bought bonds for profit or speculation will invoke the precedent now sought to be established. My friends, that is bad business.

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. I hope the gentleman from New York [Mr. PAYNE] will take some of his time, if he has anybody else who wants to make any speech.

Mr. PAYNE. Mr. Speaker, I now yield five minutes to the gentleman from Louisiana [Mr. PUJO].

Mr. PUJO. Mr. Speaker, I regret not to be in sympathy with the views expressed on this bill by the chairman-to-be of the Ways and Means Committee, but as we disagree as to the premise we naturally arrive at different conclusions.

The Payne Tariff Act of 1909 authorizes the Secretary of the Treasury to borrow $290,569,000 on Panama bonds at an interest-bearing rate not exceeding 3 per cent for the purpose of reimbursing the Treasury in that sum advanced and used in the construction of the Panama Canal.

The alternative to issue short-term certificates of indebtedness to obtain this sum would not meet but would merely temporize with the situation. These Panama bonds, as all others issued by the Government, have the privilege of being used to secure bank circulation.

Under the terms of the bill now under consideration, should it be enacted into law, the bonds for $290,569,000 will be issued by the Treasury Department, but they will not enjoy the privilege of being used as the basis for securing national bank-note circulation.

It has been urged by some who are opposed to this measure that the effect of such legislation will be to maintain by law the market price of the 2 per cent bonds maturing in 1930, heretofore sold by the Government and now held by the banks, to the extent of $607,198,000.

Mr. Speaker, this is not a correct statement of the purposes sought to be accomplished by the bill. When the Government of the United States issued these 2 per cent interest-bearing bonds, maturing in 1930, it refunded outstanding threes, fours, and fives amounting to $646,250,150.

The greater part of these 2 per cents were purchased by the banks at par, some at 101, 102, and 103. All of the 2 per cents are now about at par. The banks used these 2 per cent bonds to secure their bank-note circulation, which has increased from $300,000,000 in 1900 to more than $700,000,000 at this time. Should the Secretary of the Treasury, in order to pay for the work on the Panama Canal as it progresses, issue the bonds authorized for that purpose, amounting to almost $300,000,000, we would have a bank-note circulation of $1,000,000,000.

I do not believe that the circulating medium of the United States should be based upon a Government bond, as it is merely a promise to pay. I think the time has come when we should by a legislative act show that we are going to put a stop to this system and endeavor to go to a more scientific and stable one.

It would almost be an act of bad faith on the part of our Government to issue these Panama bonds bearing interest at the rate of 3 per cent with the privilege of being used as a basis for circulation, because the immediate and approximate effect of such legislation would be to impair the value of the $730,000,000 2 per cent bonds now at par. I do not for one moment contend that it is the function of the Government to maintain the market level of its obligations, but I do insist that the Government should not by its own act depreciate the value of its own obligations, sold by it to citizens at par and above, by issuing obligations of a similar character bearing a higher rate of interest. Why? Because the $730,000,000 2 per cent bonds, already issued, would fall at least 10 per cent, thus causing loss to the holders of approximately $70,000,000 or more.

On the other hand, should the 3 per cent Panama bonds, to be issued, not enjoy the privilege of being used for circulation, they will be bought by our citizens instead of financial institutions, thereby affording the humblest of our citizens a safe investment. It is interesting to note in this connection that out of the $912,000,000 of United States bonds outstanding, more than 80 per cent are held by national banks and only 20 per cent among our entire population, exceeding 90,000,000 people.

In France, with a population not exceeding 45,000,000, nearly 5,000,000 people are holders of the national bonds.

Mr. Speaker, it has been claimed that this measure is in favor of the national banks of the country, but this will not bear analysis. Should the bill become a law, the banks can not buy and then use them as a basis for circulation, issuing notes to their par value, and then obtaining the 3 per cent interest less the duty on circulation. A reasonable deduction to be drawn from this legislation is that it will develop patriotism among our people, who will invest in the bonds; and it will likewise have a tendency to bring into circulation hoarded money which is wary of all investments that are not secured by the Government.

I give my unqualified indorsement to the principles of this bill and hope that it will pass.

I will add as an appendix to these remarks a statement of the Assistant Secretary of the Treasury, Mr. A. Piatt Andrew, dated February 24, 1911, marked "A;" statement showing the prices at which 1930 bonds were refunded, marked "B;" and analysis of United States bond holdings, marked "C."

A.

STATEMENT OF ASSISTANT SECRETARY ANDREW OF THE TREASURY, FEBRUARY 24, 1911.

Secretary MacVeagh and the officers of the Treasury are awaiting with great anxiety the action which the House of Representatives may take with respect to the bill to authorize the issue of Panama bonds without the circulation privilege. This bill was proposed by Secretary MacVeagh, has passed the Senate, and now awaits the action of the House. That Secretary MacVeagh will be obliged to borrow money before many months have elapsed seems clear. The working balance which stood at $37,000,000 on December 31 and at $30,000,000 on January 31 was reduced, according to the cash statement of February 21, to less than $25,000,000. Any considerable further decrease will bring it close to the danger point. Then the Secretary must begin to borrow. Under existing legislation, although he is authorized to borrow $290,569,000 on Panama bonds at a rate not exceeding 3 per cent, the want of adjustment with respect to the circulation tax on national-bank notes issued against these new bonds forbids his issuing them at 3 per cent, the only rate at which they would find an investment market. Accordingly, if Congress fails to pass the pending bill, the Secretary might be driven to the temporary expedient of short-term certificates of indebtedness. Fortunately, he may withhold from these certificates the privilege of their being used as a basis for national-bank circulation.

Recognizing that these certificates are only a temporary expedient, however, Secretary MacVeagh has urged upon Congress the passage of a law authorizing him to issue the Panama bonds without the circulation privilege. He bases his indorsement of this bill on a number of reasons.

We believe, first, that the Government bonds, because of the security which they offer as means of investment, should be available not merely for the banks but for the general public. Of the $912,000,000 of United States bonds now outstanding, $735,000,000, or more than four-fifths, are held by the national banks, and outside of the national banks only 20,000 among our 92,000,000 of people are registered holders of the Government debt. On the other hand, of the population of France of only 40,000,000 between 4,000,000 and 5,000,000 are holders of Government bonds. So long as the circulation privilege is attached to our Government bonds, and especially so long as such bonds yield an interest rate of less than 3 per cent, there can be little opportunity for the general public to share in their ownership. The bonds of the most stable European governments to-day sell at prices which yield more than 3 per cent—the British consols at their present prices yield 3.16 per cent; the French rentes, 3.06 per cent; and the German imperial 3 per cent bonds, 3.61 per cent. It is not likely that the credit of our Government is so much higher than the credit of England, France, or Germany that we could borrow upon an investment basis of much less than 3 per cent.

If a 3 per cent bond were issued to-day under the conditions prescribed by the act of August 5, 1909, with circulation privileges attached, subject to a tax of only 1 per cent, those bonds would have an advantage over all other United States bonds, when used for circulation, amounting to one-half of 1 per cent per year, which would insure their purchase by the banks and preclude their purchase by the general public. The demand in certain parts of the country for a system of bank-deposit guaranty and the demand for a Government-guaranteed postal-savings system would seem to indicate a desire for such governmentally secured means of investment as would be presented by Government bonds available to the public. This can only be achieved by the withdrawal of the circulation privilege, which keeps our bonds in the possession of national banks.

Our second reason is based upon the practical agreement which exists among students of banking, however much they may differ in regard to the ideal system, that the system of bond-secured currency ought to be done away with. Within the last 10 years this system has become more deeply intrenched than in any other decade since its establishment. Since 1900 the circulation secured by United States bonds has increased from $300,000,000 to more than $700,000,000. If the Treasury is not relieved from the obligation to issue bonds with the circulation privilege as prescribed by the act of August 5, 1909, there is likely to be added nearly $300,000,000 more to this unscientific and generally condemned currency system. The Treasury Department asks Congress to be relieved from the necessity of further intrenching this system.

A third reason for denying the new Panama bonds the circulation privilege is that there is absolutely no connection between the requirements of the country for revenue to pay for the construction of the Panama Canal and the need of the country for additional circulating medium. Most authorities are agreed that the money supply of the world has increased too rapidly in the last decade. The world-wide rise in the prices of commodities, though due to a variety of causes in particular instances, has doubtless been largely influenced by the vast increase in gold production, which in this country has resulted in an increase in our gold stock from $600,000,000 in 1896 to over $1,600,000,000 in 1910, to which we have also added $500,000,000 of national-bank notes. This means an increase per capita from $21 to $35, or about 65 per cent. On this account it would seem unfortunate to add artificially to the existing plethora of money at the present time and so contribute further to the general rise in prices.

If the circulation privilege were removed from the Panama bonds the Secretary of the Treasury would still be able to provide for additional issues of bank notes in time of emergency through the issue of certificates of indebtedness, of which he is authorized to issue $200,000,000, which may, but need not, be made available for circulation, as well as through the instrumentalities provided by the Aldrich-Vreeland Act of May 30, 1908.

As a final argument, we feel that the consideration that the market value of the $730,000,000 of outstanding 2 per cent bonds would probably fall below par as a result ought to forbid the issue of additional bonds bearing the circulation privilege. The outstanding 2s, though issued some two or three points above par, have already lost their premium value and for several years have hovered about par. The national banks have already written off some $25,000,000 to cover the loss due to the decline in the price of these bonds which has already occurred. According to the last report of the Comptroller of the Currency, they still carry these bonds at a premium of $10,060,037. If the authorized 200 million Panama bonds were issued with the circulation privilege, the bonds now held would probably drop from 10 to 15 points, causing an additional loss to the banks of from $70,000,000 to $100,000,000. Secretary MacVeagh is of the opinion that the Treasury ought not to be forced to take any step which would cause such losses to the national banking system.

B.

Statement showing the prices at which 3 per cent, 4 per cent, and 5 per cent bonds were refunded into 2 per cent consols of 1930.

3 per cent, 4 per cent, and 5 per cent bonds refunded under circular of Mar. 14, 1900; new bonds issued at par; old bonds refunded at following prices:		
3 per cent bonds of 1908–1918, at 105.562	$98, 879, 700	
4 per cent bonds of 1907, at 111.349	274, 989, 750	
5 per cent bonds of 1904, at 109.535	72, 071, 300	
Total		$445, 940, 750
3 per cent and 4 per cent bonds refunded under circular of Mar. 26, 1903; price of new bonds, 102; old bonds refunded at following prices:		
3 per cent bonds of 1908–1918, at 103.69	16, 042, 700	
4 per cent bonds of 1907, at 107.02	65, 099, 900	
Total		81, 142, 600
3 per cent and 4 per cent bonds refunded under circular of Sept. 23, 1903; price of new bonds, 102; old bonds refunded at following prices:		
3 per cent bonds of 1908–1918, at 103.39	4, 337, 600	
4 per cent bonds of 1907, at 106.099	11, 489, 000	
Total		15, 826, 600
3 per cent and 4 per cent bonds refunded under circular of Sept. 28, 1905; price of new bonds, 101; old bonds refunded at following prices:		
3 per cent bonds of 1908–1918, at 102	13, 189, 900	
4 per cent bonds of 1907, at 102.89	39, 842, 500	
Total		53, 032, 400
4 per cent bonds refunded under circular of Apr. 2, 1907; price of new bonds, 103; old bonds refunded at 100.348		50, 307, 800
Total		646, 250, 150
Total 3 per cent bonds of 1908–1918 refunded		132, 449, 900
Total 4 per cent bonds of 1907 refunded		441, 728, 950
Total 5 per cent bonds of 1904 refunded		72, 071, 300
Total		646, 250, 150

C.

Analysis of United States bond holdings with reference to number of holders in banks and among individuals.

Loans.	Banks.		Institutions and miscellaneous.	
	Amount.	Holders.	Amount.	Holders.
2 per cent, 1930	$607,198,000	7,071	$10,136,900	215
3 per cent, 1908	19,659,900	476	4,147,020	339
4 per cent, 1925	26,317,100	200	29,441,900	286
P. C., 1906	54,257,760	928	159,460	17
P. C., 1908	29,178,740	455	310,260	11
Total	736,611,500	9,130	44,195,540	868

Loans.	Individuals.		Total.	
	Amount.	Holders.	Amount.	Holders.
2 per cent, 1930	$24,434,050	2,743	$641,768,950	10,029
3 per cent, 1908	19,272,420	12,977	43,079,340	13,792
4 per cent, 1925	42,954,400	3,634	98,713,400	4,120
P. C., 1906	188,000	70	54,605,220	1,015
P. C., 1908	137,720	19	29,626,720	485
Total	86,986,590	19,443	867,793,630	29,441

Mr. PAYNE. I ask general leave to print for those who speak on this bill.

The SPEAKER. The gentleman from New York asks general leave to print for all those who speak on the bill. Is there objection?

There was no objection.

Mr. HILL. Mr. Speaker——

Mr. DOUGLAS. Will the gentleman from Connecticut permit me to make a suggestion to him?

Mr. HILL. Yes; if it is not taken out of my time.

Mr. DOUGLAS. I should like to have the gentleman address himself to the effect of this provision on the market price of the bonds, in view of the statement in the report that there are about $220,000,000 bonds now outstanding which are available to secure circulation.

Mr. HILL. I will come to that in just a moment. The gist of the remarks made thus far on the Democratic side of the Chamber is that this legislation is for the benefit of private bondholders. Gentlemen, you never were more mistaken in your lives. These 2 per cent bonds are held largely by small banks in the country. In 1900 a new law was passed, and since that time 4,600 little banks, most of them banks of $25,000 capital, have been organized, and they are scattered through your country towns. This is not a matter that seriously affects New England. We have only 10 per cent of the national-bank capital of this country anyway. Two thousand six hundred of those little banks are in your towns in the West and South, several hundred of them in the State of Texas, if I am not mistaken.

These banks have been compelled by law to take these bonds. They have not taken them as a matter of speculation. No national bank can organize without taking 25 per cent of its capital in Government bonds. They are not obliged to issue circulation against those bonds, but they must buy them, and they have bought them, and every dollar of these 2 per cents now outstanding, except the $87,000,000 Panamas, are those bonds which have been issued under the refunding act, and which have been taken largely by your country banks in the West and South. They have not gone into New England, they have not gone into the pockets of private bondholders at all. You never were more mistaken in your lives as to the situation than you are in regard to this, and I refer any gentleman who wants a verification of that statement to the last comptroller's report lying on my desk.

Mr. GILLESPIE. Does the gentleman think that ought to change our attitude?

Mr. HILL. Not a bit. I am a bank stockholder myself, and anybody who wants to discount my statement because of that fact can do so if he sees fit; but that does not alter the fact that I am going to tell the truth on the floor of the House.

Mr. FORNES. Will the gentleman yield for a question?

Mr. HILL. Certainly, if I have time.

Mr. FORNES. The gentleman states that most of these bonds were taken by the small banks. Did not the City National Bank of New York increase its capital and did not the Bank of Commerce, and almost every large bank, within the last 5 or 10 years increase its capital? If so, where did they obtain the bonds to make that increase?

Mr. HILL. They were organized before the act of March, 1900, and had the fours and threes as well as twos. To be sure, some of them refunded them, but one of the principal objects of the act of March 14, 1900, was to institute small banks throughout the country. That was one of the purposes for which the 2 per cent refunding act was passed.

Mr. FORNES. Was not the purpose of it to increase the capital of the large banks?

Mr. HILL. We have $290,000,000 of bonds to issue. Congress has decided to pay the expenses of the Panama Canal by a bond issue. You have authorized those bonds with the circulation privilege attaching to them. You have now a total of $216,000,000 of Government bonds unused for the circulation privilege. The amount taken up last year was $9,000,000. If the same process goes on, it will take 24 years to use up the $216,000,000 of bonds already outstanding.

Mr. FITZGERALD. Will the gentleman yield?

Mr. HILL. If I have time.

Mr. FITZGERALD. How much money is deposited in the national banks?

Mr. HILL. Forty-eight millions.

Mr. FITZGERALD. What is the nature of the security?

Mr. HILL. Government bonds.

Mr. FITZGERALD. Is there any outside security?

Mr. HILL. Not at present, but they can take something else. You have got something else with the circulation privilege, the same as you have for deposits. Talk about needing this issue for circulation—it would be just like any one of you gentlemen issuing all the notes your credit will stand and then doubling it. It would be a foolish thing for you to do, and it is a foolish thing for the Government to do. What have we got? Not only two hundred and sixteen millions of unused bonds, but on the statute books is a law which authorizes the use for emergency circulation of three hundred millions more of promiscuous bonds. The circulation privilege is saturated now.

Mr. Speaker, I find that my time has expired, and, availing myself of the privilege of the House, I will take the liberty of briefly extending my remarks in the RECORD, and submit herewith as a part of such remarks the report of the committee, which I was requested to prepare:

[House Report No. 2031, Sixty-first Congress, third session.]

BONDS FOR BUILDING PANAMA CANAL.

The Committee on Ways and Means, to whom was referred the bill (H. R. 32218) to restrain the Secretary of the Treasury from receiving bonds issued to provide money for the building of the Panama Canal as security for the issue of circulating notes to national banks, and for other purposes, respectfully report that they have had the same under consideration and recommend its adoption.

The purpose of the bill is to procure funds for the payment of the expense of the construction of the Panama Canal.

The total amount expended on purchase and construction of the canal to date is $226,841,768.88. Of this amount there has been paid from proceeds of sale of bonds, including premiums, $87,309,594.83. The balance, $139,532,174.05, has been paid from the general fund of the Treasury and is reimbursable from proceeds of bonds not yet sold.

The total bonds authorized by existing law for the construction of the Panama Canal is $375,200,980, less the number of 2 per cent Panama bonds issued to date in the sum of $84,631,980, leaving a balance of $290,569,000, which were authorized under the provisions of section 39 of the tariff act of 1909. Under the provisions of this act these bonds were authorized to be issued with a rate of interest not exceeding 3 per cent per annum, and the authority for the issuance of further Panama bonds at an interest rate of 2 per cent was by the same act repealed.

There is now outstanding of 2 per cent bonds having the privilege of securing circulation an amount of $730,882,130 and an actual deposit for the security of circulation of the sum of $660,136,080, leaving a margin of $70,000,000 of 2 per cent outstanding bonds over and above the amount now required. The total amount of all kinds of bonds available for circulation purposes outstanding is $913,316,590. Of this amount there is now on deposit to secure circulation $696,758,220, leaving a margin of outstanding bonds available for further circulation of $216,558,370.

From this statement it is manifest that the market for the bonds possessing this privilege is saturated and that the Treasury could not hope to sell the new issue at any appreciable addition to the price because of the circulation privilege being attached to the bonds; on the other hand, it is perfectly manifest that if a 3 per cent bond, issued to meet the expenses of the Panama Canal, is now issued with that privilege it will inevitably have the effect of a corresponding reduction in the value of the 2 per cent bond with the same privilege. Of this the Secretary says:

"By the opinion of everybody 3 per cent is as low as you can market these bonds, unless, of course, you could force them on the banks as the 2 per cent bonds were previously forced on the banks, but that is no longer possible. It is a condition of complete saturation and you can not put in any more moisture; but we do not want to do this if we could. It would be utterly unfair and it would destroy the present market value of the bonds. They have been held at par, but held there by their eyelids. They have succeeded in holding them at par, but if you put another issue on top there is no power in the financial world which could hold them at par."

I am advised by the Treasury Department that the value of a 2 per cent of 1930 upon a 3 per cent basis would be 85.464, and there can not be any question but what the further issue of $290,000,000 of bonds with like privileges, except at a 3 per cent rate of interest, would bring the 2 per cent bonds to this value and with the probable result of a withdrawal of circulation of about $120,000,000 in order to keep the

bonds now on deposit at par with the amount of circulation taken out against them as required by law.

To avoid this contingency and meet the absolute necessity both of an immediate and future supply of funds to carry on the work of the Panama Canal, it is the desire of the Treasury Department to float this new issue at 3 per cent as an investment security, putting the same upon the market in small amounts from time to time as conditions justify and the necessity for funds occurs, and it is believed that this can be done at a rate slightly above par without any shock to existing financial conditions.

The alternative to this proposition is the issuance of 3 per cent one-year certificates, which the Treasury has authority to issue to the amount of $100,000,000, but your committee believes that it would be far better to permanently provide for the expenditures for the construction of the Panama Canal by the issue of these 50-year 3 per cent bonds, and thus carry out the intentions of Congress as manifested by the provision in the tariff act of 1909.

They therefore recommend the passage of the bill.

There is no probability, even if these 3 per cent bonds were put out with the privilege of circulation, that they would be taken by the banks in lieu of the 2 per cents which they are now hold, for the reason that at the price of 85.464, which the Treasury states would be the equivalent value of a 2 per cent bond as compared with a 3 per cent for investment, the profit on circulation based upon 2 per cents would be materially larger than it would upon the 3 per cents, because there would be a gradual appreciation of the principal invested until maturity, when the bond would be worth par instead of the purchase price, 85.464, so that until the outstanding twos were all exhausted probably no additional value would come to the new issue of threes because of the circulation privilege.

Under existing law the Secretary of the Treasury is compelled to require national banks to maintain the bond security to the full amount of circulation outstanding, and if at any time the bonds fall below par the banks would be required to do one of two things: First, buy additional bonds to make the margin good, or, as an alternative, to reduce circulation to the market value of the bonds. In the one case the issuance of these bonds with the circulation privilege would take more than one hundred millions of money from commercial uses for a permanent investment in additional bonds, or what would be more likely, would compel a like amount of circulation to be withdrawn.

I am wholly unable to understand how the Democratic Members of this House, with very few exceptions, can put themselves in the position of deliberately voting to depreciate the value of the bonded indebtedness of the United States, especially in view of the fact that at the last election by the deliberate action of the people of this country they were given control of the House of Representatives and were, so to speak, put on probation until another election should be held.

They have already announced that they intend to bring in at the next session of Congress and put on trial a tariff for revenue only. One would naturally suppose that the last thing they would desire would be financial disturbance or a stringency in the money market during the coming fall when their new tariff scheme is to go to the country.

Nobody knows to-day whether the Wilson tariff bill of 1894 was in and of itself a failure, or whether the failure was due in whole or in part to the financial conditions which obtained at that time. It is only fair to our Democratic friends to admit that it was born in a panic and was cut off in its childhood with the financial depression still in existence.

It would seem that their desire now would be to give to the child to be born a clear field in which to run and be glorified, and no obstructions of any kind or character put in its pathway, and yet upon the very threshold of their entrance to power we see the Republican and Democratic Parties lined up in opposition to each other, the Democratic Party declaring its undying hostility to the national banking system and a sound currency and the Republican Party favoring any and all legislation looking to the maintenance of the credit of the Government and the preservation of sound financial and industrial conditions in the business world.

Little thought was given in the last election to the fact that the time was rapidly approaching when more financial legislation would be needed in order to save the national credit and give to the country a greatly improved system of currency. It will be of little satisfaction now to those people who voted last November to transfer the House of Representatives to Democratic control that at the very first opportunity the unfortunate financial vagaries which have controlled the Democratic Party in years gone by should be again brought to the front and accepted practically without change by the men to whom this new lease of power was given.

I commend it to the careful consideration of the country.

In the wonderful development of our industries and the tremendous growth of our population this country can stand almost any form of tariff legislation and still struggle on without complete and total collapse and ultimately adjust itself to the change, but a bad currency system is not only bad in the beginning, but is sure to go on in an increasing degree to the inevitable end of national and individual bankruptcy.

The one overshadowing necessity of this country in the near future is legislation looking to radical improvements in our banking and currency system, and if the attitude of the two parties to-day on this measure is indicative of their respective policies in the future, the men who cast their votes for a Democratic House of Representatives in the last election will have abundant cause to regret their action.

Mr. PADGETT. Mr. Speaker, I favor the passage of this bill because as I see it it is a plain, business, common-sense proposition. We have issued more than $700,000,000 of 2 per cent bonds. Everybody knows that these bonds at 2 per cent were not investment bonds. The Government has been enabled to maintain them at par and above par because they have the circulation privilege. Now it is proposed to issue $290,000,000 of 3 per cent bonds and give them the same circulation privilege. If we do so we will disparage the credit of the Government and drive down the 2 per cent bonds below par.

I believe in maintaining the credit of the Government. I do not believe that it is right, I do not believe that it is a good business proposition, I do not believe it is sound policy for the Government to put out a 2 per cent bond which was not an investment bond, which was maintained at par because of the artificial value that was given to it by reason of the circulation privilege, and then put out a higher interest rate bond and thereby depreciate the value of the former bond and disparage the credit of the Government by forcing its 2 per cent bonds below par.

Mr. FITZGERALD. Will the gentleman yield?

Mr. PADGETT. I will.

Mr. FITZGERALD. Would not the same logic apply to the action of the Government when it refunded under the act of 1900 and issued the 2 per cent bonds at 102?

Mr. PADGETT. Not at all; because that was a matter of interest calculation.

Mr. FITZGERALD. This is a matter of interest calculation.

Mr. PADGETT. Not at all; it is a question of policy. When you give the 3 per cent bonds the privilege that we gave to the 2 per cent bond and which held it at par, we are depreciating the value of the 2 per cent bond below par and thereby injuring and disparaging the credit of the Government.

Mr. FITZGERALD. A 3 per cent bond with a circulation privilege would bring more than without it, would it not?

Mr. PADGETT. I do not believe under existing circumstances that it would increase the value of the 3 per cent bond. I think it would simply supplement the 2 per cent bond and throw it as a drug on the market.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. PAYNE. I yield to the gentleman from Iowa [Mr. DAWSON].

Mr. DAWSON. Mr. Speaker, I desire to take this opportunity of printing in the RECORD a brief history of legislation relating to the greenbacks. This is done with the thought that it may prove of interest in view of the widespread study and discussion of the currency question which now prevails throughout the country.

The greenback was born February 25, 1862, and was a child of the desperate financial situation created by the Civil War and the almost exclusive circulation of wildcat State-bank notes. The bottom of the National Treasury was being scraped to provide funds for carrying on the war, and the issue of these notes was deemed essential to the very existence of the Government. It is not surprising that a child born of such parents and during such travail should have a turbulent and eventful life.

On the above date a law was enacted authorizing the Secretary of the Treasury to issue 150,000,000 of United States notes, ever since known as greenbacks, on the credit of the Government. If you will examine one of these notes you will find printed on the back that it "is a legal tender at its face value for all debts, public and private, except duties on imports and interest on the public debt," and this constituted the principal propelling force behind them. They were given a continuous lease on life, it being provided that when redeemed at the Treasury they should be reissued and kept in circulation.

Four months later an equal amount was authorized, and nine months after that another equal sum was provided for, of which $50,000,000 were to be used to redeem temporary loans. As the volume increased the purchasing power decreased. Before the first 100,000,000 had been issued a paper dollar was worth about 87 cents in gold. When 300,000,000 were in circulation they were 23 cents below par. When the public debt

reached its maximum, on August 31, 1865, there were $432,553,912 of greenbacks in circulation, and they were slightly over 30 per cent below par, although the fluctuations had at times carried them down to a much lower figure.

It was the intention of the leaders in Congress that these irredeemable paper promises should ultimately be redeemed or convertible into real money, and to that end it was provided by law in 1864 that the total amount outstanding should never exceed $400,000,000, and until this limit was reached in the process of reduction, all notes redeemed were to be canceled and retired from circulation.

When the war drew to a close the money circulation of the country consisted of the greenbacks and State bank notes, gold and silver having almost entirely disappeared. The national bank act, which was passed in 1863, was now liberalized in its provisions, and with the rise in the circulation of national bank notes Congress set about to put a few crimps in the greenback circulation, in pursuance of a well-defined policy looking to their future redemption or convertibility.

In the early part of Johnson's administration a law was passed providing for their retirement at the rate of not more than ten millions within the following six months, and thereafter at the rate of four millions per month. Correlated to this, and as a part of the general financial policy, was the act placing a 10 per cent tax on State bank notes, which effectually retired them from circulation. This legislation was designed to increase the stability and security of the currency system by exterminating the wildcat State bank notes and gradually replacing them and the greenbacks retired with bond-secured national-bank notes.

Under this legislation of 1866 the national-bank circulation did not increase as rapidly as had been expected, and the result was a temporary stringency in the money market. These causes, coupled with the political agitation on the subject, resulted in the act of February 4, 1868, which repealed the former law and suspended the process of retirement and cancellation. The greenbacks outstanding had been reduced to three hundred and fifty-six millions.

Ever since the close of the war the money question had been gradually drifting into politics, and this legislation had the effect of injecting an additional amount of partisanship into the subject. The Democrats, forgetting their opposition to the original issue of the greenbacks, now became their ardent champion. They not only opposed retirement, but went to the other extreme and favored their further issuance without any specified limit. The political exigencies of the period incubated a variety of other schemes. The bondholder was the principal subject of attack, and a proposition was set on foot to pay the principal of the five-twenty bonds in greenbacks. The Democrats took up this proposal with energy and enthusiasm and incorporated it in their national platform of 1868 as one of the leading planks. The Republicans took the ground that such a step was opposed to the spirit of the law, and would be virtual repudiation. Sides were taken along these lines, and it is hardly necessary to chronicle that Gen. Grant won an overwhelming victory at the polls.

President Grant called a special session of Congress shortly after taking his seat, and the first law that he signed was the act of March 18, 1869, to strengthen the public credit, a similar bill having been defeated by President Johnson only a short time before by means of a "pocket veto." This act declared that the faith of the Government is solemnly pledged to the payment in coin of all the greenbacks. It further solemnly pledged the faith of the Government to make provision for such redemption at the earliest practicable period.

Backed by this pledge and strengthened by this solemn assurance the greenback traveled along an even path for the next four years, the aggregate amount outstanding remaining at $356,000,000 until the panic of 1873 came on, with Black Friday and the suspension of currency payments in all the large cities of the country. Under the stress of this monetary crisis the Secretary of the Treasury, Hon. William A. Richardson, of Massachusetts, put into circulation $26,000,000 of the greenbacks which had been retired by the act of 1866. The administration held that the law of 1866, while it provided for a reduction of the greenbacks, did not repeal that part of the law of 1864 which fixed the maximum at $400,000,000, and therefore the $44,000,000 between the amount outstanding and this maximum limit constituted an emergency reserve.

The currency thus paid out by the Treasury did much to prevent further spread of the panic and its disastrous consequences. These new notes also had the effect of producing a lively debate when Congress met as to the legality of their issue. Out of all the discussion came a Senate bill to fix the maximum amount of greenbacks at $400,000,000, thus in effect legalizing Secretary Richardson's emergency issue and relieving the Treasury from the embarrassment of exercising a disputed power, and further providing for an increase of $46,000,000 of bank-note circulation, but the measure was vetoed by President Grant, and sufficient votes could not be mustered to pass it over the veto. Later in the session an appropriation bill was made the vehicle for passing through Congress a proviso by which the maximum amount outstanding was fixed at $382,000,000.

All this time the country was on a paper basis, and the sentiment was steadily growing in favor of making concrete provisions for specie resumption. President Grant had repeatedly urged it in his messages to Congress, expressing the opinion in his message to the first session of the Forty-third Congress in December, 1873, that the country "can never have permanent prosperity until a specie basis is reached." This sentiment had crystallized into a determination among the Republicans to bring about this result during that Congress, but the first session was fruitless in this particular. The election of a Democratic House of Representatives in the fall of 1874 served as the necessary spur, and during the short session between that election and the 4th of March following, when the new Congress would begin, the resumption act was passed by a unique and somewhat unusual method of procedure.

Promptly after the assembling of Congress in December, 1874, the Republicans of the Senate named a select committee of 11, which soon drafted a measure and submitted it to the party caucus. The bill was so adroitly drawn that men of widely divergent views accepted it, by placing their own construction upon its phraseology. From one who was a member of this committee of 11 I learn that the caucus not only unanimously agreed to support the measure and pass it without dotting an "i" or crossing a "t," but also that no Republican would debate the bill or undertake to explain its provisions on the floor of the Senate. In the discussion which followed it must have been a little embarrassing for Senator Sherman, then chairman of the Finance Committee, in charge of the bill, to answer all inquiries from opponents of the measure as to the interpretation or effect of its provisions by saying that the bill spoke for itself and each Senator could read it and decide for himself as to the true construction to be placed upon it. Under these tactics the bill ran the gantlet of unlimited Senate debate in a few days, speedily passed the House, and became a law before the middle of January over the signature of President Grant, who took the unusual method of conveying the notice of approval to Congress in a special message.

In addition to the provisions for the resumption of specie payments on January 1, 1879, the bill provided for a gradual redemption and retirement of the greenbacks to an amount equal to 80 per cent of the national-bank notes thereafter issued, until the amount of greenbacks outstanding should be 300,000,000 and no more, and provided for a fund in the Treasury by sale of bonds and accumulation of surplus for such redemption. Beyond this a layman should perhaps not undertake to interpret this law, inasmuch as there was among its supporters in Congress a marked difference of opinion as to whether or not these notes when redeemed should be reissued. A few years later Congress dispelled all doubt on this point by further legislation.

Once again the retirement of the greenbacks commenced. The process continued steadily until late in the spring of 1878, when once again further retirement was prohibited by the act of May 31, after thirty-five millions had been retired. The amount had been reduced to $346,681,016, and these are still outstanding, except those lost or destroyed. Congress in this law specifically provided that all the greenbacks then outstanding should be reissued after redemption. Thus was forged the "endless chain" which was dragged through the Treasury during the second Cleveland administration, drawing a constant stream of gold along with it.

The greenback enjoyed a fairly peaceful existence in the currency system of the Government for the next 12 years, so far as legislation goes, but it was not forgotten politically. A national party appeared in 1876 calling itself the Greenback Party, which maintained an organization during three successive presidential campaigns, reaching its maximum strength in 1880, when its candidate for President, Gen. James B. Weaver, of Iowa, polled over 300,000 votes.

The Sherman Act of 1890, which one writer has felicitously described as a "concession born of political timidity," brought forth a twin brother to the greenback by creating the Treasury notes, with the same provisions as to their legal-tender qualities and reissuance. They were to be issued to pay for four and a half million ounces of silver, which the law directed the Secretary of the Treasury to purchase each month. Under

this law one hundred and fifty-seven millions of these Treasury notes were placed by the side of the greenbacks, with nothing for them to lean upon except the silver bullion so purchased and the reserve set aside for the redemption of the greenbacks.

Under fair financial skies no trouble was occasioned, but when pinching times came in 1893 there came with them a feeling of apprehension that unless the purchasing clause of the Sherman Act were repealed the convertibility of the greenbacks was endangered and the country would soon be on a silver standard.

Few have forgotten the memorable struggle in the special session of the Fifty-third Congress, called together in August by President Cleveland for the express purpose of repealing this purchasing clause. It was a struggle replete with sensational and dramatic incidents, from the ringing message of the President to the final repeal three months later over the negative votes of a majority of the President's own party.

Provision was made in 1900 for the retirement and cancellation of the Treasury notes of 1890 as fast as silver dollars were coined, and they have all disappeared from circulation, except $3,388,000, which are shown to be outstanding by the Treasury statement to-day.

To-day the stability of the greenbacks is amply assured, fortified as they are by the one hundred and fifty millions of gold held in the Treasury as a reserve under the gold-standard act of 1900; and they seem to be reasonably secure in the affections of the people, although the charge is laid against them that they are unscientific and should be supplanted.

Mr. UNDERWOOD. I yield three minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, I am not a currency expert, and if I was one I could not make much of a statement in regard to this important measure in three minutes; but I desire to express my views on this bill briefly.

The first Panama bonds were 2 per cent bonds, but for some reason or other which seemed good and sufficient to the Committee on Ways and Means and the House, in the Payne Tariff Act of August 5, 1909, we provided for an additional issue of two hundred and ninety millions of 3 per cent bonds. Eighty-four millions were issued of the 2 per cent bonds. Now, I do not understand what has occurred since the legislation of August 5, 1909, to make it wise to amend in the way proposed that legislation. We should have understood the effect on the Government credit when we passed the legislation. I think this legislation is unwise, first, because it is very unwise and very dangerous to begin to differentiate in the matter of Government bonds touching the circulation privilege.

Second, I do not believe that the issue of a 3 per cent bond would affect the market value of the 2 per cent bonds outstanding unless it be the unfortunate fact, which I do not believe to be true, that the country is in such a condition that we can not sell a bond for what it is worth. It is true that there is outstanding some $200,000,000 of bonds which may be used for circulation, and it is assumed that the market has been saturated with bonds having the circulalation privilege and that we do not need any further bonds for circulation purposes. Well, that is assuming we are always to have the present condition. We have an emergency currency provision of law in contemplation of conditions when we may want to expand our currency, and if that legislation was wise when passed, and is still wise, I think it is well to have an anchor to windward in the matter of additional bonds which may be made the basis of circulation.

The latter is certainly the better as the basis of an expanding currency, rather than to call upon the very questionable law which we passed to provide for emergencies. So it seems to me that, first, we took the action we did in the matter of the Panama bonds with our eyes open and understanding conditions, and that there have been no changes to warrant this modification of law; second, we are embarking upon a very questionable policy when we depart from the practice of having the circulation privilege apply to all Government bonds.

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield five minutes to the gentleman from Nebraska [Mr. HITCHCOCK].

Mr. HITCHCOCK. Mr. Speaker, I have been surprised that so little has been said of any weight in favor of this extraordinary proposition. I had supposed, when I began to listen to the argument, that there must be cogent and important reasons why this important and revolutionary step to blacklist this big bond issue should be taken. I realized that the banking interests of the country were strongly in favor of it, but I did not assume they were in favor of it, as now appears from the debate, simply for the purpose of giving them practically a monopoly of the bonds that may be used for the purpose of securing circulation.

The gentleman from Connecticut [Mr. HILL] has called our attention to the fact that during the recent past there has been a rapid increase particularly in the West and South in the number of national banks. That increase will go on, if given an opportunity, but I want to tell the House that that increase can not go on if by an act of Congress the bonds which can be used for the purpose of securing circulation are limited to those already authorized and monopolized by existing banks. I want to tell the House that three or four hundred national banks can not be organized every year hereafter, as has been done in recent years, if, when the organizers of those banks go into the market to buy bonds for the purpose of securing their circulation, they find that all the bonds that may be used for that purpose are already owned by the national banks of the country and held at a premium, as they will be.

Mr. MADDEN. Will the gentleman yield?

Mr. HITCHCOCK. I do.

Mr. MADDEN. Does the gentleman from Nebraska know what percentage of increase there is in the national bank capitalization every year?

Mr. HITCHCOCK. I am not familiar with the figures at the present time, but I understand that about 300 new national banks are organized every year in the natural course of the growth of the country and that these banks must buy bonds to secure circulation. We now have 7,200 national banks, and those banks practically own at the present time all of the bonds available for national-bank circulation. What are the new banks to do; how are they to get the bonds upon which to issue circulation if, hereafter, bonds to be issued shall not be available as security for bank notes?

Mr. HUGHES of New Jersey. The gentleman from Connecticut states that it would take 25 years at the natural increase for the national banks to absorb the bonds we have already issued.

Mr. HITCHCOCK. But the gentleman is mistaken. There are at the present time only $72,000,000 worth of 2 per cent bonds that are not being used by banks for that purpose, and I want to tell the gentleman that those bonds are quoted in the market at a premium of 1 per cent in the New York papers this morning. If they bring a premium of 1 per cent now, what premium will they bring if this legislation is passed and Congress gives a practical monopoly of bank-note security privilege to the present holders of those bonds? They will undoubtedly rise to a high premium. That is the purpose of this legislation—first, to restrict the organization of new banks; second, to restrict the issuance of the circulating medium; and, third, to increase the premium on these bonds.

Mr. HILL. I would like to ask a question. What are you going to do with the $142,000,000 threes and fours that are equally available for circulation?

Mr. HITCHCOCK. I am not going to do anything with them.

Mr. HILL. I do not think anybody is, and that is the reason there is no necessity——

Mr. HITCHCOCK. They take care of themselves. There are few of them. They will gradually be retired. Here in this bill we have a proposition to blacklist the future bond issues of the United States; here is a proposition, by discriminating against these bonds, to make necessary a higher rate of interest in order to sell them. The Secretary of the Treasury already has the power to issue bonds at 2 per cent with this circulation privilege. Why does he not exercise that privilege? He says the market is saturated. How can he prove the market is saturated when these bonds are selling at a premium of 1 per cent? How can you prove that the market is saturated when Government 2 percents now sell in the open market at a premium of 1 per cent?

Mr. HILL. New York City bonds sold less than a month ago—$60,000,000 of them—bearing 4¼ per cent interest, at less than 1 per cent premium. How can you sell 2 per cent bonds at par?

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I ask the gentleman from New York whether he expects to have more than one speech in closing.

Mr. PAYNE. Two.

Mr. UNDERWOOD. Then I will ask the gentleman to use some of his time.

Mr. PAYNE. I yield 10 minutes to the gentleman from New York [Mr. VREELAND].

Mr. VREELAND. Mr. Speaker, it seems to me unfortunate that a question of such great importance as the one now before the House should seem to be put to the judgment of the House mainly from the standpoint of whether the banks will make or lose some money by the transaction. To my mind that is a very small part of the question presented for us to determine.

Although, Mr. Speaker, it seems clear to me that from that standpoint alone this bill should pass, it seems to me that as a matter of fairness to the customers of the United States who have purchased their securities—and they at present are mainly the banks, and mainly the banks because the securities of the country have been sold below the credit of the country—upon that standpoint alone we should not inflict loss needlessly and deliberately upon the customers of the United States. These 2 per cent bonds have gone down in the last few years in an amount equal to $30,000,000; that has been charged off by the banks holding them, except ten or eleven millions still carried in the last report as premium. The Comptroller of the Currency has steadily required every bank that holds these bonds to charge off constantly a portion of their premium value. As I say, it seems to me, if we merely regard it from the standpoint of selling more bonds, it will be unwise for Congress needlessly and deliberately to inflict this great loss upon the holders of these bonds. There seems to be no question, Mr. Speaker, that if this bill should pass the 2 per cent bonds of the United States will go down, not all at once, but go down as the years go by until they reach at least 90, and probably lower. No gentleman can doubt this who is familiar with bond issues of this Government or the bonds of the city of New York which have been referred to.

Mr. HITCHCOCK. Will the gentleman yield?

Mr. VREELAND. I will.

Mr. HITCHCOCK. Is it not a fact while the banks may have lost some premiums upon these bonds they have made large sums by their privilege to issue their circulation upon them, and the transaction as a whole has been profitable, as the dividends show?

Mr. VREELAND. I think that is true, I will say to the gentleman. I think if we figure out the money they have been able to make on circulation that they have made money, or come out even, but that of course depends upon many other things, but I think upon the whole transaction up to date there will be no loss in that respect. But the banks should make something out of the money they invest in bonds——

Mr. SHERLEY. Will the gentleman permit a question?

Mr. VREELAND. Yes.

Mr. SHERLEY. Is the privilege to issue bonds as a basis for circulation a valuable privilege?

Mr. VREELAND. It will not be considered a valuable privilege in the years to come if this bill is passed because the profit is very small and so much uncertainty would exist as to whether any profit at all would accrue that banks will keep their circulation down to the minimum.

Mr. SHERLEY. Is it not in point of fact that it was for the reason of increasing the sale value of the bond, that the privilege was given to it? Is not that true?

Mr. VREELAND. Originally?

Mr. SHERLEY. Originally.

Mr. VREELAND. I do not wish to say no to the whole question. That was a part of the purpose. Of course, I can not go into that now. The primary purpose, as the gentleman will find in reading the debates of Congress and reports of the Secretary of the Treasury at that time, was to furnish a national system of money with which to pay the troops of the United States—to create a national currency. But I can not go into that part of the discussion.

Mr. SHERLEY. If the gentleman will permit, the purpose of my inquiry is to ask you, if we take away this privilege from the 3 per cent bonds, do we not to a certain extent reduce their sale value in the market?

Mr. VREELAND. I will say frankly that I do not believe we do. We will realize as much as we are likely to receive, with circulation right included, because by our action we shall deal a blow to the credit of the country.

Mr. SHERLEY. Is it not true that in the past we have, by giving the privilege, increased the sale value of other Government bonds?

Mr. VREELAND. We undoubtedly have in the past.

Mr. SHERLEY. Then you think the rule of the past will not be the rule of the future?

Mr. VREELAND. I have answered the gentleman's question. I was saying that anyone familiar with bonds and their issue in this country must know that the issue of these bonds will drive down the price of the 2 per cent bonds to at least 90; that is, 10 per cent below par. We only need to look at the issue of bonds in the great city of New York, which a few years ago was issuing 3 per cent bonds, then 3½ per cent bonds, and now it is issuing 4¼ per cent bonds. The earlier bonds have gone down and down until they are worth only about 85 on the market, bonds for which a premium was paid when they were purchased.

But I will say, gentlemen, that I do not consider that an important part of this question. The fact is that if we choose to inflict this loss of 75, 80, or 90 millions on the banks of the country, my judgment is that they are able to stand it. They have not appeared in the hearings here. They can absorb that loss, if we choose to put it upon them. My contention is that that is one of the least of the questions involved in this discussion. The question is, How will the credit of the United States be affected?

The next great question is, What will be the effect on the business of the country and on the banking and currency system of the country if we permit our already redundant bank-note circulation to be increased by several hundred millions of dollars or more of national-bank notes, which will be crowded into the channels of business, whether there is need for them or not?

Mr. FITZGERALD. There is a limit upon the amount of bank circulation that can be issued in addition to the amount of bonds outstanding, is there not? It is regulated by the capital or unimpaired surplus of the banks, is it not?

Mr. VREELAND. But the capital of national banks is over $1,000,000,000; that is $300,000,000 more than the present circulation of banks; so that question is not pertinent. It leaves it open for these new bonds to be turned into national-bank circulation. I will ask the gentleman if the people of the United States want to see their bonds go down, and down, until they reach 90 cents on the dollar? I will ask, furthermore, if they realize the fact that, in case these bonds go down, it becomes the duty of the Comptroller of the Currency to require of the banks of the country to put up additional security for the $700,000,000 of bank circulation which now exists? I ask the gentlemen how they would think the people would view it, if we pass an act whereby it takes $1.10 of the bonds of the United States to support as credit one of the paper dollars issued by the national banks of the country. It seems to me that the first great question involved is the credit of the United States. I have said here, and I say it unhesitatingly, that, in my judgment, the Treasury will receive as much money for these bonds if this bill passes as it will if it does not pass.

It seems to me it would make those who might desire to buy United States bonds afraid of the bonds of the United States, because they would be afraid to invest their money in bonds when, overnight, by the passage of a law, their value might be dropped down from par to less than 90 cents on a dollar. Mr. Speaker, what connection should there be between digging the Panama Canal and issuing $300,000,000 of bonds to pay for it and forcing $300,000,000 more of paper money into the channels of the business of the United States? What sort of a system of currency is that? Gentlemen are treating the issuance of $290,000,000 more of bank circulation, if these bonds are issued, as merely incidental to this discussion. Why, gentlemen, if to-day in any of the great countries across the sea—in France, in Germany—the proposition were made to increase the paper circulation by $100,000,000 even, it would be a question that would be deliberated upon by the finance minister, by the Government. It would be brought up in the Parliaments of those countries. It would be discussed long and carefully as to the effect on their financial systems and upon the business of their country. And yet we, lightly and carelessly, incidentally, as a mere side issue in the passage of a bill authorizing the sale of bonds——

Mr. TILSON. Will the gentleman yield?

Mr. VREELAND (continuing). Of the United States are deliberately injecting into our currency possibly $290,000,000 of paper money. I regret that I can not yield to the gentleman until I am through.

The SPEAKER. The time of the gentleman has expired.

Mr. PAYNE. Mr. Speaker, I yield three minutes more to the gentleman.

The SPEAKER. The gentleman from New York [Mr. PAYNE] yields three minutes more.

Mr. VREELAND. I want to say, Mr. Speaker, that some Members think that if we have more bank circulation the people in their districts can borrow it at lower rates of interest. But I want you to take this into consideration: Very likely the issuance of this great mass of additional bank-note circulation does not mean that we will have more money in the United States. It means, rather, that we will have poorer money in the United States. All of you, gentlemen, are familiar with the fact that when we push out more money than is needed for the business of the country, more of this bank-note circulation, it pushes out the gold that we have, and it flies away to some country where it is more needed.

I call attention to the fact that during the last two years, while our bank-note circulation has steadily increased, we have made a net loss of gold exported of more than $135,000,000. Why, gentlemen, our bank-note circulation has more than

doubled in the last seven years. It has gone up from a little over $300,000,000 to over $700,000,000. We all know that the great fault of our financial system to-day—one of the great faults—is that there is no present connection between the demands of business and the amount of bank notes that we push into the channels of business.

This action here to-day illustrates one great fault in our system. We all know that the amount of circulation issued by banks depends, not upon the needs of business, but depends almost entirely upon the price of United States bonds on the market and upon whether the banks can make more money by issuing more circulation than by issuing less circulation.

Now, gentlemen, it is well known to all students of this question, to all business men—and all economists agree in the opinion—that we shall never have a system suitable for our needs until the circulation of money is disassociated from bonds; until the circulation depends on the needs of the business of the country; until it shall come out when more money is needed in the fall and go back when less money is needed in the spring.

We may disagree about the best plan for accomplishing this purpose, but I say that opinion in the country is unanimous that we must dissociate bonds from our circulating medium and connect them with the needs of the business interests of the country.

Already this great sum of $700,000,000 of 2 per cent bonds, with circulation depending upon it, is one of the great obstacles in the road of accomplishing any banking and currency reform, and from that standpoint alone I say that we ought not to make this problem more difficult by adding $290,000,000 more of bond-secured circulation to our already redundant issue.

Mr. PAYNE. I will say to the gentleman from Alabama that there will be only one more speech on this side.

Mr. UNDERWOOD. Mr. Speaker, I think this is a very important bill, and that a quorum ought to be present.

The SPEAKER. Does the gentleman make the point of no quorum present?

Mr. UNDERWOOD. I make the point of no quorum present.

The SPEAKER. The point is sustained.

Mr. UNDERWOOD. I move a call of the House.

The motion was agreed to.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The Clerk proceeded to call the roll, when the following Members failed to answer to their names:

Aiken	Dent	Hughes, W. Va.	Poindexter
Ames	Denver	Kahn	Pray
Ansberry	Dies	Keifer	Reid
Ashbrook	Driscoll, M. E.	Kennedy, Iowa	Rhinock
Barclay	Durey	Kennedy, Ohio	Rothermel
Bates	Englebright	Knowland	Sabath
Bennett, Ky.	Estopinal	Kronmiller	Saunders
Booher	Foelker	Legare	Sheffield
Bowers	Fowler	Lindsay	Smith, Cal.
Bradley	Gaines	Lively	Southwick
Broussard	Gardner, Mass.	Lundin	Sparkman
Burke, Pa.	Gardner, Mich.	McCredie	Sperry
Burnett	Garner, Pa.	McKinlay, Cal.	Spight
Byrd	Gill, Md.	McLachlan, Cal.	Stevens, Minn.
Capron	Gill, Mo.	Maynard	Sturgiss
Clark, Fla.	Gillett	Mays	Wallace
Cline	Goulden	Millington	Wanger
Collier	Graham, Pa.	Moore, Tex.	Weisse
Coudrey	Hamill	Morgan, Mo.	Wiley
Cox, Ohio	Haugen	Mudd	Willett
Craig	Hayes	Murdock	Wilson, Ill.
Cravens	Heald	Needham	Wood, N. J.
Creager	Huff, Pa.	Parsons	Woods, Iowa
Crow	Hughes, N. J.	Patterson	

The SPEAKER. The roll call shows that there are 290 Members present—a quorum.

Mr. PAYNE. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

Mr. PAYNE. Mr. Speaker, I give two minutes to the gentleman from Iowa [Mr. PICKETT].

Mr. PICKETT. Mr. Speaker, the brief limit of time granted does not permit of a discussion of the question involved, and I will confine my remarks to a single observation.

It is practically conceded that the 2 per cent bonds were enhanced in value through Government action. It is also conceded that if the Panama bonds are used as a basis of circulation the effect will be to depress the 2 per cent bonds below par. In other words, the Government having given to the 2 per cent bonds an enhanced or artificial value, it is now urged that converse action ought to be taken or permitted which would have the effect of depreciating the value of the bonds below par. I do not believe in legislation the effect of which will be to place obligations of the Government below par, which seems to be the status if this measure is not passed. I have never stood for any legislation which I believed would directly or indirectly amount to a repudiation of our obligations. [Applause.]

While this will not be the direct result if we fail to pass the pending bill, it will at least be the effect. It seems to me there is a moral obligation Congress can not ignore. In view of circumstances with which you are familiar it does not seem to me that the proposition is a debatable one or that the House should hesitate to pass this measure. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. FITZGERALD].

Mr. FITZGERALD. How much time have I, Mr. Speaker?

The SPEAKER. The gentleman has 15 minutes.

Mr. FITZGERALD. Mr. Speaker, the gentleman from Iowa [Mr. PICKETT] says that he will not vote for legislation that will in effect depreciate the outstanding securities of the United States. He is not asked to do anything of the kind. Nobody has proposed legislation to depreciate securities now outstanding. The law now authorizes the issuance of two hundred and ninety millions of Panama bonds. If the Secretary of the Treasury were properly to discharge his duty he would issue them at the rate of interest he believes advisable up to the limit permitted by law, and obtain the best price he could for them in the market. But the effect of this bill will be to fasten the hold of certain great national banks upon the Treasury Department, and to perpetuate a deplorable and shameful situation.

In 1900 the so-called gold standard act was passed. In that act certain refunding schemes were authorized, and authority was given to refund certain 5, 4, and 3 per cent bonds by the issuance of 2 per cent bonds in their place. The act provided that the Secretary of the Treasury might redeem those outstanding bonds at a valuation not greater than their then present worth so that they would yield an income of 2½ per cent per annum; but in order to make the refunding proposition more palatable to the national banks the then law was changed so as to permit the banks to use bonds of the United States to secure circulation up to the par value of the bonds instead of up to 90 per cent, as the law then provided.

The cause for the refunding proposition was that the 5, 4, and 3 per cent bonds were rapidly becoming due and the Treasury at that time was overflowing with money. Its revenues were largely in excess of its expenditures and the Treasury Department was redeeming the outstanding obligations of the Government. Suddenly it was realized that if the Treasury continued to pay off the outstanding bonded debt of the United States there would be no basis for the circulation of the national banks; widespread alarm was awakened among the banking interests and efforts made to protect their circulation. The result was the refunding scheme, by which 2 per cent 30-year bonds were to be exchanged for our then outstanding and almost due obligations.

Gentlemen talk about depreciating the securities held by the banks. Let me read you how they operated under the refunding proposition. Under the first circular issued by the Treasury Department, under the law of 1900, over four hundred and forty-five millions of 2 per cent bonds were issued at par in exchange for outstanding fives, fours, and threes. Let me read from the testimony of one who benefited by the process how the scheme was conducted:

> I was connected with one of these banks and am still, and have a great interest in it. I telegraphed our correspondent right after the act was passed to purchase $250,000 in those bonds. The currency against these bonds issued as currency against this particular bank was used to pay for the purchase of the bonds, less a small item of premium, and thereafter and since that time this bank has been saving 2 per cent on the bonds substantially without any investment whatever. The bonds yield about 1½ per cent net, and as the national banks are getting the interest on over $700,000,000 of bonds which cost the banks nothing, or a negligible amount, they have abused the confidence of their friends in claiming to have been buncoed.

In other words, these banks, under the refunding scheme, arranged to obtain a certain number of 2 per cent bonds; by taking out an equal amount of circulation it was necessary to pay only the trifling sum required to equalize values, or for commissions, in effecting the exchanges, and by issuing their notes without interest, upon which a tax of one-half of 1 per cent was paid, they obtained in return bonds to the same amount, upon which they received 2 per cent interest. Ever since then the transaction has netted them 1½ per cent interest annually on the par value of the bonds, for which they have been compelled practically to invest nothing.

Mr. WEEKS. I did not understand what authority the gentleman was reading from.

Mr. FITZGERALD. I am reading from a speech by a Senator, made in the United States Senate, and not challenged by any of the distinguished financiers in that body. It was

during the session of Congress when the postal savings-bank bill was under discussion—the session just ended.

Mr. WEEKS. Who was it?

Mr. FITZGERALD. Mr. OWEN—largely interested in the national bank which purchased these bonds in this manner. The gentleman laughs. Perhaps the gentleman comes from a community where his banks were not sufficiently sharp to engage in such an enterprise; perhaps the institutions with which he is familiar may have bought their bonds of the New York and Oklahoma bankers who were so much more keen and informed about the banking business than the gentlemen whom he represents. Nobody professes that the national banks have been fooled in this operation.

Two other circulars have been issued by the Treasury Department under which refunding operations have been conducted. So profitable was the exchange of bonds to the national banks that, under the circular issued in March, 1903, for additional refunding operations, although in 1900 the 2 per cent bonds had been exchanged at par, the Treasury Department was able later to issue and exchange them on a bisis of 102, and eighty-one millions of them at that price were issued in March, 1903; in September, 1903, fifty millions more were exchanged at 102. In 1905 fifty-three millions were exchanged at 101.

I know some gentlemen have said to me that the national banks have already sustained a great loss. But they are unduly alarmed, and laboring under a misapprehension. All of the operations under the refunding act have been highly profitable to the national banks. They eagerly seized the opportunity to obtain 30-year 2 per cent bonds under the highly favorable conditions for their rapidly maturing fives, fours, and threes.

It may be, however, that some of the smaller and more recently organized banks were shorn by the skillful men in charge of the larger and stronger banks.

At some time after the refunding operations were initiated the Secretary of the Treasury made it known that he was prepared to deposit some fifty or seventy-five millions of dollars in the national banks, and that Government bonds would be required as security for those deposits. Some of the banks rushed into the market to obtain bonds to enable them to obtain deposits, and very probably had unloaded on them by those banks which engaged in the profitable refunding operations some of the 2 per cent bonds.

In some instances as high as 109 was paid for them. In a short time, through the operations of our indefensible appropriations, our surplus greatly dwindled, and it was necessary to withdraw these deposits from the banks. It was then that the innocent national-bank lambs found themselves with some securities on their hands that were not quite as useful and as valuable and as desirable as they had been led to believe. But the original parties to the refunding scheme sat back and laughed and waited and have probably bought back these unloaded bonds at greatly reduced prices.

The gentleman from New York [Mr. VREELAND] spoke about inflating our currency by $300,000,000 through the issuing of two hundred and ninety millions of these bonds, with the right to use them for circulation privileges. There is not much danger of the bank circulation being inflated for any such reason. The gentleman overlooked the fact that while there are seven hundred and thirty-five millions of our outstanding bonds deposited in the Treasury to secure circulation, a balance up to nine hundred and twelve millions is still available for circulation, and that there has been no extraordinary desire on the part of banks to obtain and use these bonds, and by their use to increase the now outstanding circulation. Upon what does he base his assertion that a bond issue increases the circulation? Who is threatening to do so? Whence is there a demand for it? Who can profit by it? The statement is preposterous. There are nearly two hundred millions of bonds available for the purpose of increasing circulation not so used, but nobody is attempting to use them for any such purpose.

Mr. VREELAND. I would like to ask the gentleman if he does not think that the doubling of the bank-note circulation in six years and a half is a measure of inflation which ought to be avoided if possible.

Mr. LIVINGSTON. That does not follow as a matter of course.

Mr. FITZGERALD. There is no indication that there will be any such inflation; but, after all, Mr. Speaker, that leads to the point I wish to reach in this discussion. Gentlemen have overlooked the important point in this entire discussion; have missed the question of first importance to us. Because of the condition of the Treasury, the Treasury Department finds it imperative to issue a certain number of bonds in order to obtain money to pay our current obligations.

That is the object of selling the bonds at this time. The working balance in the Treasury is between $25,000,000 and $30,000,000. The Secretary of the Treasury asserts that within a very short time he must sell bonds in order to replenish the Treasury. He has authority to issue bonds up to $290,000,000 to reimburse the Treasury to the extent that expenditures have been made for the construction of the Panama Canal. We have already issued $84,000,000 of such bonds at 2 per cent, and have expended something over $200,000,000 in the construction of the canal. There is at least $125,000,000 which may be reimbursed by the sale of bonds for canal construction. The prime purpose of issuing these bonds is to obtain money to replenish the Treasury. What is the important thing for us to look at? Are we to be interested chiefly in those who have been speculating in United States bonds heretofore, or are we to take such action as will result in the largest possible price being received for the bonds about to be sold? Is our interest and duty to protect the Treasury and the people, or the bondholders and the banks? In other words, are we to look to the interests of the people, or are we to look to the interests of some banks who either have made advantageous or foolish investments?

Mr. REEDER. Will the gentleman permit a question?

Mr. FITZGERALD. Yes.

Mr. REEDER. If it is true that all the gentleman from New York is looking after is to make the bonds produce as much as possible and get the money into the Treasury, why not put into this law a provision that the bonds used for circulation shall not be used and these alone shall be used for circulation? That would make these sell at about 4 per cent.

Mr. FITZGERALD. That would be just as fair to the people as to pass this bill, with its resulting advantage, is to the banks. There is no difference at all in principle.

Mr. REEDER. If the gentleman concedes it would make a good deal more money in the sale of these bonds, then on your theory you ought to favor it.

Mr. FITZGERALD. I am in favor of getting the highest possible price for our obligations. When bonds are sold, under any circumstances, it is unfortunate for the country. If bonds must be sold and the future mortgaged, it should be under as little onerous conditions as possible. Some gentlemen may be oversolicitous for the bondholders. In my opinion, our duty is to the Treasury and to the people. That is the side I prefer to advocate. No one will be able to escape the consequences of his action upon this question. A choice must be made between the people and the bond-holding banks. This bond issue is authorized in the act of August 4, 1909. Nobody dreamed at that time of putting a restriction upon the issue for circulation purposes. What has happened since? All should remember that certain important financial interests in this country are quietly and industriously and persistently working to secure a very drastic change in our monetary laws. They have in mind the desire to control the financial operations not only of the Treasury, but of the country. There was never a suggestion that any bank had lost a dollar on these refunding schemes until the postal-savings act came up for consideration in the Senate. Then when a provision was inserted to permit the use of the funds acquired through the operations of the postal savings-bank act for the purchase of outstanding bonds we commenced to hear much about the injustice that would be done to the national banks if the outstanding twos were not protected.

Did it ever occur to this House that opposition to the postal-savings system from powerful banks suddenly ceased? That opposition stopped when certain provisions were inserted in the bill to compel the application of the proceeds of postal-savings bonds to the redemption at par of outstanding bonds of the United States subject to call.

The next step to fasten the hold of the national banks upon the Treasury is this bill.

National banks are being organized continuously. They are required to invest in a certain amount of United States bonds. They need bonds to secure circulation. This bill fixes definitely the present outstanding bonds of $912,000,000 as the limit of bonds available for such purposes. The twos are selling to-day at 101.

The enactment of this bill will have a twofold effect. It will lessen the value of the $290,000,000 of Panama bonds to be issued and compel them to be issued at a higher rate than otherwise, and it will greatly enhance the value of the outstanding twos. This bill, if enacted, enriches the bondholding banks at the expense of the people. I venture to predict that within six months the price of our outstanding 2 per cent bonds will be much greater than at present. Why such solicitude for the

banks, when the Treasury is depleted? Why not some thought for the protection of the Treasury?

It has been asserted that the failure to enact this bill will depreciate the bonds now outstanding. Suppose it should do so. Will anyone assert that the Government is bound to legislate so as to maintain at par its bonds? The same logic would require us to refrain from issuing any additional bonds whatever, since every additional bond issued increases by so much the obligations of the Government and lessens the security of the present bondholder.

Had I time I should discuss some other phases of this entire subject. I view, however, with suspicion a bill of such far-reaching effect upon our entire financial system submitted in the rush and hurry of the closing days of the session, and passed through one House without any discussion and crowded upon us here without adequate time for sufficient analysis and consideration.

Let me, however, call attention to one phase of the question which, because of my duties in connection with the appropriation bills, I have not had time to consider sufficiently to appreciate and determine the anxiety for this legislation.

Practically all of the 5, 4, and 3 per cent bonds have matured or will mature within a very few years.

The 2 per cents issued under the act of 1900 are 30-year bonds and will mature in about 20 years. The $84,000,000 of Panama bonds heretofore issued are redeemable 10 years after issue, and will be subject to call before the twos issued under the act of 1900.

But, Mr. Speaker, the $290,000,000 of bonds authorized under section 39 of the Payne-Aldrich Act (approved August 5, 1909) may bear interest at not exceeding 3 per cent and are redeemable 50 years from the date of issue. None of these bonds have yet been issued. Long-term bonds, capable of paying up to 3 per cent interest, they should not be made unavailable for a purpose for which all other Government bonds are applicable. Not more than 12 months ago the Treasury Department accepted certain State, municipal, and other securities as security for deposits in place of Government bonds because they were unobtainable. No one can foretell accurately what the necessities of the future will require. It is little less than criminal for the Congress deliberately to act in such a manner as to impair the value of Government securities about to be sold for the purpose of replenishing the Treasury solely to protect bond-holding banks from possible loss.

The issue here is plain. It is the people against the banks; the Treasury against the bond speculators; the welfare of the many against the selfish interests of the few. Such a choice must be made. It can not be evaded. Those who vote for this bill do so with full knowledge of its purpose and effect. I hope it will not pass, but that it will be defeated; that the Treasury, where the people's interests are, and not the bond-holding banks, where the interests of the speculators in the Government's credit centers, will be safeguarded. [Applause.]

Mr. PAYNE. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts [Mr. WEEKS].

Mr. WEEKS. Mr. Speaker, I want to state in a word what this proposition means. We have authorized an issue of $290,000,000, in round numbers, of Panama bonds, at a maximum rate of 3 per cent. About $90,000,000—somewhat less than $90,000,000—have been issued, leaving an authorization of $200,000,000 available. More than $100,000,000 has been spent on the Panama Canal in addition to the amount provided by the bonds issued, and the purpose of this act is to determine the rate of interest and form of the bonds to be issued in future. We have outstanding $867,793,630 of bonds. Of these, $98,713,400 are 4 per cent bonds issued in 1895, coming due in 1925; $641,768,950 more are 2 per cent bonds, due in 1930, issued under the act of March, 1900, and they are the result of refunding operations; $84,231,940 are Panama twos; and $43,079,340 are threes due in 1918, but callable since 1908. The bonds which are generally used for circulation purposes by the banks are the fours and the twos, the reason being that, except the Panama twos, they have a definite date of maturity.

Now, the only question for this House to consider is how these bonds shall be issued. Undoubtedly rates of interest are increasing the world over. The little community where I live issued about 10 years ago 3 per cent bonds on a 2.95 per cent basis. We are now selling bonds on a 3½ per cent basis. All first-grade bonds have advanced in about the same ratio, and the 2 per cent bond, with the circulation privilege behind it, acceptable though it may have been when issued, is not now attractive to anyone, and bonds will have to bear even a higher rate of interest to be sold to the public or to the banks.

We provided in the postal savings bank bill that depositors could exchange their deposits for 2½ per cent bonds, and there was grave doubt in the minds of many Members of this House whether that rate was high enough, whether it should not be made 2¾ or even 3 per cent; but a saving clause was added that that bond could be presented and paid at par, and therefore, the depositor in the savings bank would be protected in the market value of his investment. There are other reasons than the consideration of the circulation privilege, which bear on the issuing of these bonds. In the first place, from the standpoint of most men who have considered financial matters it seems wise to get our national debt into the hands of the people rather than have it concentrated in the banks.

Mr. KOPP. Will the gentleman yield?

Mr. WEEKS. Yes.

Mr. KOPP. Can the gentleman state how these bonds will be given to the public?

Mr. WEEKS. I assume they will be given to the public at the best price at which they can be sold.

Mr. KOPP. With no limitation as to whom——

Mr. WEEKS. I do not know about that.

Mr. KOPP. I am favorable toward the proposition, but there are some things I want cleared up. Will these bonds be callable?

Mr. WEEKS. I do not understand so.

Mr. KOPP. Now, then, if they are all issued, or practically so, how can they be used by the Government for paying postal savings depositors or exchanging postal savings deposits for the bonds?

Mr. WEEKS. The trustees of the postal savings banks have a right to invest in any Government bond, twos, threes, or fours, or whatever rate it may bear, but the depositor in the postal savings bank has only the privilege of exchanging his deposit for a 2½ per cent bond, which has not the circulating privilege.

Now, I must go on. I would like to know how much time I have remaining.

The SPEAKER. The gentleman has six minutes.

Mr. WEEKS. What I was saying, Mr. Speaker, was this, that it is desirable to get these bonds into the hands of the people, and usual and proper means will be used for that purpose. It makes a better citizen of a man if he has a United States bond, for it gives him a personal interest in his Government, even if it is not more than a $20 bond; and it is desirable from that standpoint that we distribute these bonds rather than to have them go into the hands of the banks. This policy has been followed for many years in France with most satisfactory results. It is said that more than 4,000,000 French citizens own Government bonds.

Now, as to the circulation privilege. We have $35 per capita of circulation in this country, which is the largest per capita circulation of any nation in the world. There is no desire or need for more, and the only reason that circulation is not reduced is because the banks have these 2 per cent bonds on hand, and they can not sell any great quantity of them and retire the circulation. It has been correctly stated to-day that the country is saturated with circulation, and we would be better off with less rather than more; but to add to that the possibility of $200,000,000 more would result in depreciating our currency and would drive gold out of the country.

My friend from Tennessee Mr. SIMS talks about the "Money Trust." But national banks do not make abnormal profits, which is proven by the statement that the national banks are not increasing in number in proportion to the increase in other banks. The proportion is more than two to one of State banks as compared with the national banks, and the capital going into State banks is in about the same ratio. My friend from New York [Mr. VREELAND], for instance, is the president of a State bank, not a national bank. Undoubtedly, he would prefer to have a national charter if conditions were equal, but because of the fact that he can make more money as a State banker than as a national banker he takes the State charter. That condition is general throughout the country, and it is the reason why State banks are increasing in number so rapidly, at the expense of national banks.

Some gentlemen have suggested that there is a very large profit to be made out of circulation. This is not a correct statement, for it only varies from three-fourths of 1 per cent to 1½ per cent. But there are so many restrictions placed upon national banks by the Government, and the profits from circulation are so limited compared with the possibilities of loss on bonds, and so forth, that I do not recall any bank in a large community that is not limiting itself as nearly as possible to its minimum amount of circulation. It must have 25 per cent of its capital invested in Government bonds, and the only way it can get a decent return on that is to issue against them its circulation.

Now, the gentleman from New York [Mr. FITZGERALD] referred to the statement made by a Senator in debate during the discussion of the postal savings-bank bill. It must have been delivered at one of those times when the Senate Chamber was empty.

Mr. FITZGERALD. The gentleman was making his speech, and he interrupted.

Mr. WEEKS. Anybody who has a semblance of financial knowledge could make a complete and convincing answer to that statement. The banks exchanged high-rate bonds for 2 per cent bonds. They had their money invested in fives, fours, and threes, which were about to mature. They simply exchanged one class of bonds into another.

And incidentally they wanted to aid the Government in its refunding operations. As a matter of fact the Government saved between $16,000,000 and $17,000,000 in these different refunding operations, which it would not have saved if these bonds had been allowed to come to maturity.

In addition to that, the very fact that the national banks hold these 2 per cent bonds, the fact that the circulation privilege has made a market for them, has enabled the Government to save something like $7,000,000 a year since 1900. If they had been issued on a 3 per cent basis, the Government would have lost the difference between 2 and 3 per cent. Furthermore, the Government has sold all these bonds at a premium, obtaining on each $1,000,000 of twos sold about $40,000 premium, whereas if the bonds had been sold in the open market there would have been received for them between $100,000 and $150,000 less than par on every $1,000,000 of bonds sold.

Now, while I am not contending that it is the duty of the Government to bolster up the national banks, I do contend that it is the duty of the Government to maintain its own credit. The Government of the United States uses the national banks as its fiscal agents. It does its business through them, so far as it can do so. It has cooperated with the banks, and the banks have cooperated with the Government, in placing these bonds whenever it has been found necessary to sell bonds. I understand the last twos sold were taken by the banks on the condition that at that time a certain percentage of the money paid for them should be left on deposit in the banks. As far as I know no bank wanted to take the 2 per cent bonds, either at a premium or at par, and the only reasons for so doing were the possibilities of making something out of the money left on deposit and because they wished to be of service to the Government.

Mr. STAFFORD. Will the gentleman yield?

Mr. WEEKS. Yes.

Mr. STAFFORD. Will the gentleman explain what effect the issuance of the 3 per cent bonds of the issue of 1898 had upon the 2 per cent bonds?

Mr. WEEKS. There were no twos outstanding at that time. I want to state to the House what, in my judgment, will happen if we issue these 3 per cent bonds with the circulation privilege attached. The 4 per cent bonds are selling on a 2½ basis, the 3 per cent bonds are selling on a 2¾ per cent basis, and they are selling on that basis because they are callable at any time, and naturally they do not command a high premium. The 2 per cent bonds are selling at about par. If they were sold on a 2½ per cent basis, as the fours are, and as they undoubtedly would sell if we put other bonds on the market bearing a higher rate and having the same privilege, I believe it is safe to say that they would gradually go down to about 90. The banks have already charged off $35,000,000 of loss on account of those bonds, marking them down from 104 or 104½ to par.

Under the law, if security behind circulation decreases in value so that the bonds sell below par, the comptroller calls on the banks for additional security, or to reduce their circulation, or to deposit the cash difference between the price of the bonds and their par value. Therefore if they should decrease in price to 90, which would be about a 2½ per cent basis, it would mean a loss to the banks of the country of $70,000,000, which the banks would have to supply, either with other securities, Government bonds, or in cash. Now, I maintain that it is the duty of Congress to prevent any such condition as that. The banks should not be considered as corporations, but as collections of individuals who own this stock. In the State of Massachusetts, for instance, among the limited investments which our mutual savings banks can make are national-bank stocks. They hold something like $11,000,000 of national-bank stocks. Two millions of the three and a quarter millions population of Massachusetts are depositors in our mutual savings banks. This legislation would directly affect not the interests of "the Money Trust," but in this instance of those 2,000,000 depositors in savings banks, and it would be an element in destroying the credit which we have all taken pride in. [Applause.]

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to a third reading, and was accordingly read the third time.

The question being taken on the passage of the bill, Mr. UNDERWOOD demanded a division.

The House divided; and there were—ayes 131, noes 99.

Mr. UNDERWOOD and Mr. MORSE demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 169, nays 135, answered "present" 11, not voting 68, as follows:

YEAS—169.

Aiken	Fassett	Kinkaid, Nebr.	Parker
Alexander, N. Y.	Focht	Knapp	Parsons
Andrus	Fordney	Knowland	Payne
Austin	Foss	Kopp	Peters
Barchfeld	Foster, Vt.	Küstermann	Pickett
Barclay	Fuller	Lafean	Plumley
Barnard	Gardner, Mass.	Lamb	Pratt
Bartholdt	Gardner, Mich.	Langham	Pray
Bartlett, Ga.	Gardner, N. J.	Langley	Pujo
Bennet, N. Y.	Gillett	Law	Ransdell, La.
Bennett, Ky.	Glass	Lawrence	Reeder
Bingham	Goebel	Lenroot	Roberts
Boutell	Graff	Longworth	Rodenberg
Bradley	Graham, Pa.	Loud	Scott
Burgess	Grant	Loudenslager	Simmons
Burke, Pa.	Greene	Lowden	Slemp
Burke, S. Dak.	Griest	McCall	Snapp
Burleigh	Guernsey	McCreary	Sperry
Butler	Hamer	McCredie	Stafford
Calder	Hamilton	McGuire, Okla.	Steenerson
Calderhead	Hanna	McKinlay, Cal.	Sterling
Cassidy	Hardwick	McKinley, Ill.	Stevens, Minn.
Chapman	Havens	McKinney	Sulloway
Cole	Hawley	McLaughlin, Mich.	Swasey
Cooper, Pa.	Heald	McMorran	Tawney
Cowles	Henry, Conn.	Madden	Taylor, Ohio
Crumpacker	Higgins	Madison	Thistlewood
Dalzell	Hill	Malby	Thomas, Ohio
Davidson	Hinshaw	Mann	Tilson
Dawson	Hollingsworth	Martin, S. Dak.	Townsend
Denby	Howell, N. J.	Massey	Volstead
Dickema	Howell, Utah	Miller, Kans.	Vreeland
Dodds	Howland	Miller, Minn.	Washburn
Douglas	Hubbard, Iowa	Moon, Pa.	Weeks
Draper	Hubbard, W. Va.	Moore, Pa.	Wheeler
Dupre	Hull, Iowa	Morehead	Wilson, Ill.
Durey	Humphrey, Wash.	Morgan, Mo.	Woods, Iowa
Dwight	Johnson, Ohio	Morgan, Okla.	Woodyard
Edwards, Ky.	Joyce	Moxley	Young, Mich.
Ellis	Keifer	Murphy	Young, N. Y.
Elvins	Kelliher	Olcott	
Esch	Kennedy, Iowa	Olmsted	
Fairchild	Kennedy, Ohio	Padgett	

NAYS—135.

Adair	Edwards, Ga.	Johnson, Ky.	Rainey
Alexander, Mo.	Ellerbe	Johnson, S. C.	Randell, Tex.
Anderson	Ferris	Jones	Rauch
Ansberry	Fish	Kendall	Richardson
Anthony	Fitzgerald	Kinkead, N. J.	Riordan
Barnhart	Flood, Va.	Kitchin	Robinson
Beall, Tex.	Floyd, Ark.	Korbly	Roddenbery
Boehne	Fornes	Latta	Rucker, Colo.
Booher	Foster, Ill.	Lee	Rucker, Mo.
Borland	Gaines	Legare	Saunders
Burleson	Gallagher	Lever	Shackleford
Burnett	Garrett	Lindbergh	Sheppard
Byrns	Gillespie	Lively	Sherley
Campbell	Godwin	Lloyd	Sherwood
Candler	Good	McDermott	Sims
Cantrill	Gordon	Macon	Sisson
Carlin	Graham, Ill.	Maguire, Nebr.	Small
Cary	Gregg	Martin, Colo.	Smith, Iowa
Clark, Mo.	Hamlin	Mays	Smith, Tex.
Clayton	Hammond	Mitchell	Stanley
Cline	Hardy	Mondell	Stephens, Tex.
Collier	Harrison	Moon, Tenn.	Sulzer
Cooper, Wis.	Hay	Morrison	Talbott
Covington	Heflin	Morse	Taylor, Colo.
Cox, Ind.	Helm	Moss	Thomas, Ky.
Cox, Ohio	Henry, Tex.	Nelson	Thomas, N. C.
Craig	Hitchcock	Nicholls	Tou Velle
Cullop	Houston	Norris	Turnbull
Davis	Howard	Nye	Underwood
Denver	Hughes, Ga.	O'Connell	Watkins
Dickinson	Hull, Tenn.	Oldfield	Webb
Dickson, Miss.	Humphreys, Miss.	Page	Wickliffe
Dixon, Ind.	James	Poindexter	Wilson, Pa.
Driscoll, D. A.	Jamieson	Pou	

ANSWERED "PRESENT"—11.

Adamson	Conry	Livingston	Sharp
Bartlett, Nev.	Currier	McHenry	Smith, Mich.
Brantley	Garner, Tex.	Palmer, A. M.	

NOT VOTING—68.

Ames	Driscoll, M. E.	Hughes, W. Va.	Rhinock
Ashbrook	Englebright	Kahn	Rothermel
Bates	Estopinal	Kronmiller	Sabath
Bell, Ga.	Finley	Lindsay	Sheffield
Bowers	Foelker	Lundin	Slayden
Broussard	Fowler	McLachlan, Cal.	Smith, Cal.
Byrd	Garner, Pa.	Maynard	Southwick
Capron	Gill, Md.	Millington	Sparkman
Carter	Gill, Mo.	Moore, Tex.	Spight
Clark, Fla.	Goldfogle	Mudd	Sturgiss
Cocks, N. Y.	Goulden	Murdock	Taylor, Ala.
Coudrey	Hamill	Needham	Wallace
Cravens	Haugen	Palmer, H. W.	Wanger
Creager	Hayes	Patterson	Weisse
Crow	Hobson	Pearre	Wiley
Dent	Huff	Prince	Willett
Dies	Hughes, N. J.	Reid	Wood, N. J.

So the bill was passed.

The following additional pairs were announced:
For the session:
Mr. CURRIER with Mr. FINLEY.
Until further notice:
Mr. HUFF with Mr. GARNER of Texas.
Mr. GARNER of Pennsylvania with Mr. BELL of Georgia.
Mr. HENRY W. PALMER with Mr. GOULDEN.
Mr. KRONMILLER with Mr. BROUSSARD.
Mr. PRINCE with Mr. DIES.
Mr. PEARRE with Mr. DENT.
Mr. LUNDIN with Mr. HUGHES of New Jersey.
Mr. SOUTHWICK with Mr. ESTOPINAL.
Mr. HAUGEN with Mr. MOORE of Texas.
Mr. COCKS of New York with Mr. SPARKMAN.
Mr. MUDD with Mr. TAYLOR of Alabama.
For balance of day:
Mr. SHEFFIELD with Mr. GOLDFOGLE.
On this vote:
Mr. MICHAEL E. DRISCOLL with Mr. SLAYDEN.
Mr. CREAGER with Mr. CARTER.

Mr. CURRIER. Mr. Speaker, I desire to inquire if Mr. FINLEY has voted.

The SPEAKER. He has not.

Mr. CURRIER. I voted "aye" and I desire to change my vote.

The name of Mr. CURRIER was called, and he answered "Present," as above recorded.

The result of the vote was then announced as above recorded.

On motion of Mr. PAYNE, a motion to reconsider the vote whereby the bill was passed was laid on the table.

A similar House bill, H. R. 32218, on the House Calendar, was laid on the table.

BOARD OF MANAGERS NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

Mr. TILSON. Mr. Speaker, I call up House joint resolution 294, and move to suspend the rules and pass the resolution.

The Clerk read the House joint resolution 294, as follows:

Joint resolution for the appointment of members of the Board of Managers of the National Home for Disabled Volunteer Soldiers.

Resolved, etc., That Hon. Z. D. MASSEY and Capt. Lucian S. Lambert be, and they are hereby, appointed as members of the Board of Managers of the National Home for Disabled Volunteer Soldiers of the United States; Hon. Z. D. MASSEY to succeed Walter P. Brownlow, deceased, whose term of office would expire April 21, 1914, and Capt. Lucian S. Lambert to succeed Thomas J. Henderson, deceased, whose term of office would expire April 21, 1914.

The SPEAKER. Is a second demanded?

There was no demand for a second.

The question was taken; and (two-thirds having voted in favor thereof) the House joint resolution was passed.

CONSTRUCTION OF A CANAL IN BERGEN COUNTY, N. J.

The SPEAKER laid before the House the bill (S. 10883) authorizing the Erie Railroad Co. to construct a canal connecting the Hackensack River and Berrys Creek, Bergen County, N. J., as an aid to navigation, and for other purposes, a similar House bill being on the calendar.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Erie Railroad Co., a corporation of the State of New York, its successors and assigns, is hereby authorized, for the purpose of removing perils and delays now incident to the navigation of Berrys Creek, in the county of Bergen and State of New Jersey, through the presence of the bridge of the said Erie Railroad Co. across said creek at a distance of about 8,700 feet from the point where said creek empties into the Hackensack River and of improving the navigation of said Berrys Creek, to construct a suitable canal, from a point in the center of Berrys Creek, northeast of the bridge of the Erie Railroad Co. over said stream, to and into the Hackensack River: *Provided*, That no canal shall be constructed under this authority unless the plans for the same are approved by the Corps of Engineers and the Secretary of War, who are authorized to impose such conditions as may be necessary to maintain the navigability of Berrys Creek unimpaired. And if said railroad company shall construct said canal to the approval of the Secretary of War, said railroad company shall be authorized and permitted to maintain a fixed bridge over Berrys Creek at a point where the main line of the railroad company now crosses said creek.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H. R. 32910) on the calendar was laid on the table.

On motion of Mr. HUGHES of New Jersey, a motion to reconsider the vote whereby the bill was passed was laid on the table.

INDEBTEDNESS OF THE DISTRICT OF COLUMBIA.

Mr. SMITH of Michigan. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 13474) to provide for the payment of the debt of the District of Columbia, and to provide for permanent improvements, and for other purposes, with the following amendment, which I send to the desk.

The Clerk read as follows:

Strike out all after the enacting clause and insert the following:
"That from and after June 30, 1911, the Commissioners of the District of Columbia, in determining the estimates of funds available for appropriation for each succeeding fiscal year, shall first provide for and set aside from the estimated District revenues a sufficient sum to meet all estimated and fixed charges required by law to be paid wholly from said revenues, including interest at 3 per cent on the annual balance due the United States on account of advances made to the District of Columbia, and including, further, the sum of $300,000 as a repayment on account of said advances, until the indebtedness of the District of Columbia to the United States shall be extinguished; and the annual estimates of appropriations for the expenses of the government of the District of Columbia, exclusive of the charges aforesaid, and including amounts estimated or to be estimated under any general appropriation bill, shall not exceed in the aggregate a sum equal to twice the amount of the said District revenues then remaining: *Provided*, That the said commissioners shall allow for the extinguishment of the bonded debt of the District of Columbia out of the combined revenue fund by annually including in their estimates of appropriations a sum equal to the sum heretofore annually appropriated for the interest and sinking fund, namely, $975,408, until the said debt as evidenced by outstanding bonds shall be extinguished: *Provided further*, That hereafter the Commissioners of the District of Columbia shall provide in their estimates of appropriations for permanent works of improvement a sum not less than $1,230,000, beginning with the fiscal year ending June 30, 1913, and annually thereafter an amount not less than the same sum increased by the sum of $100,000 for each succeeding fiscal year until and including the fiscal year to end June 30, 1924; and said estimates for permanent improvements shall include the reclamation of the Anacostia Flats above the navy-yard bridge, and their conversion into a park or parks; the gradual extension of the park system of the District; the construction of public wharves; the extensions of trunk water and sewer mains into the suburban portions of the District; the elimination of dangerous grade crossings; and such other permanent public works as may be hereafter authorized by Congress from time to time."

The SPEAKER. Is a second demanded?

Mr. SIMS. I demand a second.

The SPEAKER. Under the rules a second is ordered.

Mr. SIMS. Mr. Speaker, I ask unanimous consent that the time be extended to 40 minutes on a side. This is a very important bill.

Mr. SMITH of Michigan. I have no objection.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the time under the rules, which is 20 minutes on a side, be extended to 40 minutes on a side.

Mr. DALZELL. Reserving the right to object——

Mr. SMITH of Michigan. I desire to say to the gentleman from Pennsylvania that there are at least four or five gentlemen on this side who want to speak.

Mr. DALZELL. But that makes an hour and 20 minutes. I suggest that the gentleman ask for 30 minutes on a side; that will make an hour.

Mr. SMITH of Michigan. Mr. Speaker, I desire to say to gentlemen who may want to follow this debate that this bill, as reprinted, can be found at the desk.

In my judgment, this is one of the most important bills that has been reported from the Committee on the District of Columbia during this Congress. No one regrets more than myself that we have not had an opportunity to present this bill to the House before this time, but everyone knows that it is because this committee has been denied its time under the rules of the House, so much so that we have not had two full legislative days since the middle of last May, and I further regret that we are obliged to consider this bill under the suspension of the rules, which allows so little time for debate. I have no hesitancy in saying that if this bill could be fairly and fully debated and understood by the Members, it would receive even more than the two-thirds vote required under the suspension of the rules.

This bill, if enacted into law, will accomplish two things: First, it will pay the debt of the District and provide for some needed permanent improvements.

The estimated funded debt of the District on the 30th of June, 1911, will be $8,800,000. The floating debt at that time will be $2,400,000. The estimated funded debt on the 30th of June, 1912, and that is what the estimates have already been made for, will be $8,200,000, and the floating debt will be $1,800,000. The funded debt of the District is the debt owed by the District and the General Government in the form of outstanding bonds, which bear 3.65 per cent. The floating debt of the District is the debt which the District owes to the General Government, and which bears 2 per cent interest. It may be of interest to Members to know that the bonded debt is paid one-half by the United States and one-half by the District. The debt of the District at any one time is determined by adding the floating debt to one-half the bonded debt, or by subtracting the District surplus from one-half the bonded debt. I shall be glad to insert in my remarks a table, and an explanation of the table, showing the actual debt of the District at this time.

[Explanation of table.—Column I, fiscal year; Column II, surplus in Treasury at end of fiscal year standing to credit of District; Column III, floating debt, being balance due the United States by the District at the end of the fiscal year; Column IV, bonded debt outstanding at end of fiscal year, payable half and half; Column V, actual debt of District proper (to wit, one-half of bonded debt, plus the floating debt, or minus the surplus) at end of fiscal year.]

I Fiscal year.	II Surplus in United States Treasury to credit of the District.	III Deficit, balance due United States by District.	IV Bonded debt, balance outstanding, due half by United States and half by District.	V Actual debt, District proper.
1879 [1]	$257,618.47		$21,688,473.33	$10,586,618.19
1880 [1]	302,923.45		22,144,400.00	10,769,276.55
1881 [1]	410,768.08		21,892,750.00	10,535,606.92
1882 [1]	446,411.73		21,664,600.00	10,385,888.27
1883 [1]	461,580.29		21,501,950.00	10,289,394.71
1884 [1]	515,764.16		21,279,100.00	10,123,785.84
1885 [1]	505,963.20		21,279,550.00	10,133,811.80
1886	685,652.89		21,070,150.00	9,849,422.11
1887	978,349.15		20,635,100.00	9,339,200.85
1888	1,310,119.39		20,581,450.00	8,980,605.61
1889	1,328,747.78		20,142,050.00	8,742,277.22
1890	314,240.81		19,781,050.00	9,576,284.19
1891	112,210.64		19,500,300.00	9,637,939.36
1892		$5,088.04	19,133,400.00	9,571,758.04
1893	83,767.19		18,575,400.00	9,203,932.81
1894	625,207.74		18,184,200.00	8,466,892.26
1895	429,090.99		17,772,700.00	8,457,259.01
1896	845,335.93		17,207,000.00	7,758,164.07
1897	683,936.80		16,649,700.00	7,640,913.20
1898	917,581.91		16,038,100.00	7,111,468.09
1899	603,255.28		15,888,200.00	7,340,844.72
1900	387,577.18		15,091,300.00	7,158,072.18
1901		220,182.57	15,088,350.00	7,754,357.57
1902		1,759,238.34	14,196,550.00	8,857,513.34
1903		1,653,517.51	12,917,250.00	8,112,142.51
1904		1,349,661.69	12,492,700.00	7,596,111.69
1905		2,240,030.14	12,051,350.00	8,265,705.14
1906		2,931,259.49	11,587,700.00	8,725,109.49
1907		3,277,866.28	11,103,750.00	8,829,741.28
1908		3,650,563.06	10,602,750.00	8,951,938.06
1909		3,992,515.03	10,114,150.00	9,049,590.03
1910		3,274,278.98	9,492,100.00	8,020,328.98
1911 [2]		2,400,000.00	8,800,000.00	6,996,000.00
1912 [2]		1,800,000.00	8,200,000.00	5,971,000.00

[1] Fiscal years 1879–1885 include also trust and water funds.
[2] Estimated.

D. J. DONOVAN,
Acting Auditor, District of Columbia.

OFFICE OF THE AUDITOR, DISTRICT OF COLUMBIA,
January 7, 1911.

You will see that the actual debt of the District proper, estimated on June 30, 1911, is $6,996,000.

I apprehend that in this body there are two schools of financiers, so to speak. There are those who believe that a city like this should never be out of debt, while on the contrary there are those who maintain the debt should be paid as soon as practicable. I find these opposite views entertained by the opponents of this bill. I do not know on this point how they may seek to harmonize their differences. While I do not claim to belong to any school of finance, I believe in paying the debt of this city as well as that of any other city as soon as possible.

I apprehend that if the distinguished Member from New York [Mr. ANDRUS] were to express his opinion, as doubtless he will before this debate is over, it will be shown that he belongs to that school of financiers who believe that the debt of the District ought not to be paid, at least for the present, and certainly his opinion is entitled to great respect, for while he does not often participate in debate he has taken great interest in the affairs of the District, is a wizard in finance, and one of the profound thinkers of the House.

In my opinion, while we are paying the debt of the District, we ought at the same time to provide funds for permanent improvements. The plea is constantly made in this Chamber, when appropriations are being made for the District, that nothing is being done in behalf of the people of the General Government. In other words, under our present system, which is half and half under the organic law beginning with 1878, Members frequently say, What does the General Government, in these appropriations, do for our constituents, and what do our constituents, so to speak, get out of this proposition by which the District contributes one half and the United States the other half. If this bill is enacted into law, when money is raised to carry on the affairs of the District instead of the balance being used for current expenses that balance will be used for permanent improvements, as I insist it should be, and when our constituents come to the Capital City they will see upon every hand something in the form of permanent substantial improvements which would be the result of the one-half that is contributed by the General Government.

I am sure before this debate is concluded some Member or Members will take the position that the United States should no longer contribute one-half. There are Members of this body and their friends who are fortunate enough from time to time to go abroad. We are glad they can. They come back and tell us of the beauties and the glory and the grandeur of Paris, Vienna, Berlin, and other cities; and they must not forget that the Republic of France and the other countries of which these cities are capitals contribute their proportion, as does this Republic to the city of Washington, toward making splendid improvements, which are admired not only by the people of those cities and countries, but by the entire world.

I frankly admit that if the revenues of the District continue to increase as they have been doing in the past the time will come, doubtless, when the organic law will be changed so that the General Government will not contribute as much as it does at this time, but I am sure that no one will contend for a single moment that the time is ripe for such legislation as this.

This bill has been reported from the committee and has been on the calendar for many months. It has been the subject of much discussion in the newspapers of this city and before the chamber of commerce and the board of trade and in other ways, and as a result we have had an opportunity to learn of some of the objections that have been offered, and especially by Members who no doubt will participate in the debate.

First. Some gentlemen complain of the form of government for the District and say that this must be changed before this legislation is passed. I want to say to you that, in my judgment, the present form of government is established for many years to come, and whether you agree with me or not, I have no hesitancy in saying that under the present form of government the city of Washington is the best-governed city in this Republic.

Second. Others are dissatisfied with the law as to the assessment of personal property and insist that it should be remedied. I agree with all such and want to call attention to the fact that upon the calendar of the District of Columbia we have had for months a bill to tax intangible property, yet I have no hesitancy in saying to the Members of the House that if we had time now or had had weeks ago to pass this bill, as we doubtless could, through this body and it had gone to the other end of the Capitol it would have slept where the bill for taxing inheritances sleeps, and you all remember that this bill took a whole District day. I refer to the bill which was introduced and so ably presented by the gentleman from Minnesota [Mr. MILLER]. So I say we can hardly afford to wait until legislation of this character is passed, for, as much as you and I may desire it, no one can foretell when such legislation will be enacted into law.

These, briefly, are some of the objections that are made. Let us see if we can not agree on some things in the bill that are stated under the head of permanent improvements. I doubt if there is a Member who is not in favor of giving to the people of the District additional suburban trunk sewers and an extension of trunk water mains, to the end that the people of Anacostia, Tennallytown, and other portions of the District may have the same. Provision is made in this bill for 25 miles of suburban trunk sewers and 40 miles of extensions of trunk water mains, and I have heard no one contend that they would not be needed by the time, under the provisions of this bill, when the money will be available to pay for them. Is there anyone here that is not in favor of doing away with railroad grade crossings? The time is past when there is any longer any difference of opinion among the people or even among the railroad companies upon this proposition. It is in the interest of human life, if for nothing else.

Even our constituents who visit the National Capital are in favor of appropriating money for the doing away of that eyesore, that disturber of public health, to the end that the Anacostia Flats may be improved; and in so doing this is only one link in that chain of permanent improvements which are outlined in this book which I hold in my hand, entitled "Improvement of the Park System of the District of Columbia," the result of the labors of a commission authorized by Congress, and composed of Burnham, St. Gaudens, Olmstead, and McKim, men eminent in their profession, and which was obtained at a cost of $70,000. The question is, Shall we make use of and take advantage at this time of the labors of these gentlemen?

But, gentlemen, the most serious bone of contention in this bill is undoubtedly that portion of it which seeks to own and control the link between Rock Creek Park and Potomac Park,

and it is to this question for a moment I desire to address myself. I hold in my hand Senate Document No. 458, Sixtieth Congress, first session, "Report upon improvement of valley of Rock Creek from Massachusetts Avenue to mouth of the creek," and want to call your attention to page 8 of this report which, without objection, I will insert in my remarks, and for the moment I wish each of you had this page before you.

Estimates for the improvement of Rock Creek Valley, open-valley plan.

MASSACHUSETTS AVENUE TO P STREET.

2,490,733 square feet land (including improvements)	$1,061,386
492,000 cubic yards grading, at 30 cents	147,600
300 linear feet tunnel (Massachusetts Avenue), at $350	105,000
7,500 square feet bridge (Montrose), at $6.50	48,750
8,750 square feet bridge (pumping station), at $4	35,000
9,000 square feet bridge (Lyons's mill), at $5	45,000
50,000 square feet bridge (R and S Streets), at $9	450,000
21,056 square feet bridge (Q Street), at $8.50	178,976
20,915 square feet bridge (P Street), at $8.50	177,778
Removing P Street Bridge and temporary bridge	8,000
4,792 linear feet retaining walls	239,600
2,100 linear feet parapet walls, at $6.75	14,175
1,000 linear feet railing, at $5	5,000
2,400 linear feet cemetery walls, at $7	16,800
17,989 linear feet roads	82,750
18,200 linear feet paths, at 50 cents	9,100
38 acres of cultivation, at $1,200	45,600
6,000 linear feet 4-inch water pipe, with laterals, at $1.50	9,000
3,933 linear feet, west side Rock Creek intercepting sewer, at $15	59,000
5,000 linear feet 12-inch sewer, at $2	10,000
33 catch basins, with connections, at $100	3,300
130 traps, with connections, at $40	5,200
250 graves to be removed	50,000
Restoring Lyons's mill	3,500
Total cost, Massachusetts Avenue to P Street	2,810,515

FROM P TO L STREET.

1,261,827 square feet land (including improvements)	$860,351
308,000 cubic yards grading, at 30 cents	92,400
9,333 square feet bridge (P Street low level), at $3.75	35,000
20,700 square feet bridge (N Street), at $8	165,600
16,200 square feet bridge (M Street), at $8	129,600
19,285 square feet bridge (Pennsylvania Avenue), at $8	154,280
7,000 square feet bridge (Chesapeake & Ohio Canal), at $5.70	40,000
Removing M Street Bridge	8,000
Removing Pennsylvania Avenue Bridge	6,000
2,799 linear feet retaining walls	245,950
1,200 linear feet parapet walls, at $6.75	8,100
5,000 linear feet railing, at $5	25,000
9,638 linear feet roads	53,010
15,000 linear feet paths, at 50 cents	7,500
6,000 linear feet 4-inch water pipe (with laterals), at $1.50	9,000
3,900 linear feet intercepting sewer (west side Rock Creek), at $15	58,500
7,250 linear feet 12-inch sewer, at $2	14,500
15 catch basins, with connections, at $100	1,500
15 traps, with connections, at $40	600
12 acres of cultivation, at $1,200	14,400
Total cost P to L Street	1,929,291
	2,810,515
Total cost Massachusetts Avenue to L street	4,739,806

NOTE.—Engineering and contingencies included in total.

It is only an estimate of the expense that is to be incurred if this improvement is to be made, and there are gentlemen who insist that it is too much. Let us see. From Massachusetts Avenue to P Street there are 2,490,733 square feet land (including improvements), estimated at $1,061,386. From P to L Street there are 1,261,827 square feet land (including improvements), estimated at $860,351, making a total of 3,752,560 square feet, estimated at $1,921,737, approximately $0.50 per square foot. Who is there that is familiar with this territory and surrounding country that will say that this number of square feet, with the improvements which are already on it, is not worth approximately $0.50 per square foot?

But I want to be fair in the discussion of this matter, and so will add that there are those who insist that the estimated total cost of $4,739,806 is too much for this number of square feet with the improvements which are already on the same and the improvements which are to be put upon it in accordance with the plans for the "Improvement of the park system of the District of Columbia"—in round numbers, 75 cents per square foot. I doubt if some gentlemen who are opposing this proposition, and who so far have only casually considered it, will further investigate the matter, if they even will think that 75 cents per square foot is far out of the way. And in this connection I want to call your attention to the number of bridges and their estimated cost which of necessity must be built across Rock Creek whether this bill is enacted into law or not. Their estimated cost amounts to hundreds of thousands of dollars.

But, gentlemen, this question of the cost of land when improvements are to be made in the District is no new one. It is ever with us. When I came to Congress 14 years ago they were completing that splendid structure, the Congressional Library. I heard it said many times then that too much was paid for the land upon which the Congressional Library stands. Who is there here to-day that has not heard complaints about the price which was paid for the land upon which the House Office Building stands, and so with the Senate Office Building. This is equally true of the land on which the splendid municipal building on Pennsylvania Avenue stands. One morning a few years ago we woke up and found that the old power house which stood on this land had burned, and for months we were drawn about the city by mules. Later on this land was purchased for the municipal building, and again I repeat, Who is there that has not heard complaints that too much was paid for this property? Recently the Government purchased squares at the corner of Pennsylvania Avenue and Fifteenth Street, upon which are to be erected three buildings—the Department of Justice, Department of Commerce and Labor, and the Department of State. Already criticisms and complaints are heard that too much has been paid for the land, and so, in my judgment, it will ever be, not only here but elsewhere, as long as improvements continue to be made.

Mr. MARTIN of South Dakota. Does the gentleman desire not to be interrupted?

Mr. SMITH of Michigan. I want to answer questions, but I do want to reserve time for other Members.

Mr. MARTIN of South Dakota. There are some of us very desirous of light on this subject. Is it the understanding of the gentleman that if this bill passes it would authorize the construction of these various projects, and it would leave it entirely discretionary with the commissioners?

Mr. SMITH of Michigan. Oh, no. The bill as reported does not confer additional power on the commissioners, but rather enjoins them:

First. To limit their estimates to the combined revenues, whereas until last year they have been in the habit of submitting estimates exceeding by millions of dollars the anticipated revenues.

Second. To include in their estimates provision for payment of the debt, whereas preceding last year it has been the habit of the commissioners, in connection with their estimates, to seek to borrow large sums annually in the way of advances from the United States Treasury.

Third. To put in their estimates for the action of Congress the things to execute which they have been asking large loans from the Federal Treasury.

Mr. MARTIN of South Dakota. Would it authorize the construction of these various undertakings and leave the matter of the order with the Board of Commissioners?

Mr. MANN. Oh, no. They would be appropriated for specifically.

Mr. MARTIN of South Dakota. Appropriations would have to be made specifically, but a reading of the report would indicate that authorization of these various enterprises would go with the passing of this bill. I would like to know if that was the view of the chairman of the committee.

Mr. MANN. You mean so as not to be subject to a point of order?

Mr. SMITH of Michigan. That is all.

Mr. MARTIN of South Dakota. I would like to know whether the gentleman does not think it is giving pretty large authorization in the hands of a single board of commissioners covering all these subjects of improvements?

Mr. SMITH of Michigan. I certainly do not. Taking into consideration that the General Government pays half, I think they certainly should begin to get something in the way of permanent improvements for the payment of this money.

Mr. MARTIN of South Dakota. Would the discretion be left entirely with the board as to which one of these enterprises would be taken up first?

Mr. SMITH of Michigan. Oh, no; Congress would have the say.

Mr. MARTIN of South Dakota. It seems to me that Congress would have to appropriate the money, but is not the authorization and discretion left entirely with the board of commissioners?

Mr. SMITH of Michigan. The last line in the bill provides that Congress shall have the say.

I want to call your attention to who has taken an interest in this proposed legislation. It is quite natural that we should hear criticisms of the board of commissioners, active and earn-

est as they are in the discharge of their duties, a commission which is made up of three men, namely: Two civilians and an officer from the Army. These men are appointed by the President of the United States, and I have no hesitancy in saying to you that I care not what party the President comes from he will always select commissioners who will reflect honor and credit upon themselves, the District, and the Government.

It was not the two civil commissioners that originated this proposed legislation; they do not claim, neither do they want any credit for it.

Under the practice here legislation for the District can originate in two ways. It is within the province of any Member of Congress to introduce a bill affecting legislation in the District, and such bills, under the practice, are referred by the chairmen of the Senate and House District Committees to the Commissioners of the District for their report on the same. The citizens, if you please, can appear before the commissioners and urge legislation, and if they can convince the commissioners of the wisdom of the same, then the commissioners prepare the bills and send them to the chairmen of the respective House and Senate District Committees, who, under the practice, introduce them in the respective bodies, the Senate and the House; and for years it has been the practice for the chairman of the House District Committee to introduce no other legislation affecting the District of Columbia save that which first receives the indorsement of the commissioners, so that it has become known that when a bill affecting the District of Columbia is introduced by the chairman of the House Committee on the District of Columbia it goes without saying that it has first received the indorsement of the commissioners.

This bill did not originate among the real-estate people of the District, as we have often heard it said. It originated in the brain of the engineer commissioner of the District, a man who is not only eminently fitted as an Army engineer, but who is so fortunate as to possess an added qualification, viz, that of being a good business man—a very happy combination, indeed, to say the least.

At first there were few to be found who favored the proposed legislation, but the more they investigated the matter and listened to the engineer commissioner the more they became satisfied that it was good legislation and was in the interests of the people of the District and the country in general.

It was some time even before the citizens of this District could be convinced that this proposed legislation was wise, but it was only necessary for the engineer commissioner to accept an invitation to speak before the chamber of commerce and the board of trade, when these bodies gave the same their hearty and cordial support, as is shown by the following communication from the Washington Chamber of Commerce:

THE WASHINGTON CHAMBER OF COMMERCE,
Washington, D. C., March 2, 1911.

The following is a transcript taken from the minutes of the regular monthly meeting of the chamber of commerce, held November 9, 1909.

Under reports of committees the following:

COMMITTEE ON DISTRICT FINANCE.

Mr. George W. White, chairman, introduced Mr. Alonzo Tweedale, of committee, who presented an able and exhaustive report on bonded debt of District of Columbia. It was listened to with pleasure by the organization.

Mr. Tweedale proposed the following:

"Resolved by the Washington Chamber of Commerce, That the plan proposed by the Commissioners of the District of Columbia looking to the final extinguishment of the debt of the District of Columbia and proper provision for the future needs of the municipality, both ordinary and extraordinary, is most strongly approved, and that a committee of three members of the chamber be appointed by the president to urge upon Congress the passage of appropriate legislation giving effect to the commissioners' recommendation."

On motion of Mr. Sinclair, the committee's report and resolution were adopted.

And from the Washington Board of Trade:

SPECIAL REPORT OF THE COMMITTEE ON MUNICIPAL FINANCE, WASHINGTON BOARD OF TRADE.

WASHINGTON, D. C., *February 23, 1910.*

To the Washington Board of Trade:

The committee on municipal finance has had under consideration S. 3260 and H. R. 13474—precisely similar bills—to provide for the payment of the debt of the District of Columbia, and to provide for permanent improvements, and for other purposes—referred to it by the board of directors and begs to submit thereon the following report:

These bills were sent to the Senate and House of Representatives by the honorable Commissioners of the District of Columbia, and were drawn to carry out the plan suggested by Maj. Judson, engineer commissioner, to relieve the present financial situation of the District and to accomplish the objects suggested in the title of the bills. This plan has been published in the newspapers, and has been so thoroughly discussed in financial circles, and has been received with such general expressions of approval, that your committee deems it unnecessary to make further extended explanations. A brief statement of the present financial status of the District and of the proposed methods of relief may, however, be appropriate:

The present funded debt of the District, approximating $10,000,000, is being provided for by annual payments to the sinking fund of $975,408, one-half of which—$487,704—is charged against the revenues of the District. The floating debt, some $4,000,000 additional, covering advances by the United States for and on account of the District in constructing permanent improvements, is payable under present requirements of law in five years, or if annual installments are demanded at the rate of $798,503 per annum, with interest at 2 per cent, making $79,850 additional.

With this total annual charge of $1,366,057 against the revenues of the District—which reduces by the same amount the contribution of the United States—there remains, after providing for urgent current needs, as shown in the letter of the commissioners accompanying the bill, "no sufficient provision for the many great public works of importance to the future which should be undertaken and carried forward with reasonable rapidity."

This situation, which has to a great extent been brought upon the District by charging, in many instances, large appropriations wholly to the revenues of the District in clear violation of the organic act, and by requiring advances of the United States, made necessary by reason thereof, to be repaid in too short a period, demands careful consideration of the board of trade.

Under the existing plan of financing the requirements of the District, while the funded debt has decreased under the payments to the sinking fund, the floating debt has increased from approximately $1,900,000, July 1, 1903, to about $4,000,000, notwithstanding large repayments to the United States since that date. If continued, it promises to afford only temporary relief at the expense of increased financial embarrassment. It is evident that the District can not from its present revenues meet its obligations to the United States, provide for current needs, and do much in the way of permanent improvements. Such important public works, necessary to the health, convenience, and comfort of not only the residents of the District, but of all who visit the national capital, as the reclamation of the Anacostia Flats, improvement of Rock Creek Valley, improvement of harbor front, high-pressure fire-protection system, suburban trunk sewers, extension of trunk water mains, building for reformatory and workhouse, acquiring land for park purposes, municipal hospital, and other important works must be indefinitely deferred unless some more satisfactory and effective plan be provided for financing these projects than the one now in practice, which has proven after long trial only adapted, as was doubtless intended, to meet temporary needs.

Shall the debt under any form be increased? The illuminating letter of the commissioners, already referred to, turns a strong light upon the heavy penalty which the District incurs in borrowing money at any ordinary rate of interest. Its annual interest charges are deducted from its revenues, resulting in a corresponding reduction in the contribution of the United States toward the expenses of the District, so that when the full residue of the District revenues is appropriated the practical result is the same as if the District paid double the nominal rate of interest on its debt. For instance, while it pays 3.65 per cent on its funded debt and 2 per cent on its floating debt, yet under the operation of the 50 per cent clause of the organic act the rate of interest is practically $7\frac{3}{10}$ per cent on its funded and 4 per cent on its floating debt. Every dollar of interest paid by the District reduces the combined revenues of the District and the United States available for District needs by $2. Other strong objections to a further increase of the debt are mentioned by the commissioners. They say:

"It appears to be generally true in the lives of cities that the so-called extraordinary improvements in sight at any one epoch are always more numerous and costly than works of the same class that were in sight at any previous epoch, even though all of the latter works may have been executed. The board of commissioners, therefore, is unwilling to advocate a policy of borrowing to accomplish works of this class, as it is apparent that there would be no end of such borrowing. The loans would, in fact, come due at the very time when other so-called extraordinary improvements would demand to be done."

Whatever the views of the board of trade may be as to the expediency of increasing the District debt to provide for permanent improvements, your committee feels assured that no member of the board desires any further debt to be incurred in the way the present floating debt was in great part created by repeated infractions of the organic act.

Sections 12, 16, and 17 provide:

"The said commissioners shall submit to the Secretary of the Treasury for the fiscal year ending June 30, 1879, and annually thereafter, for his examination and approval, a statement showing in detail the work proposed to be undertaken by them during the fiscal year next ensuing and the estimated cost thereof.

"To the extent to which Congress shall approve of the commissioners' estimates Congress shall appropriate the amount of 50 per cent thereof.

"And the remaining 50 per cent of such approved estimates shall be levied and assessed upon the taxable property and privileges in said District other than the property of the United States and of the District of Columbia."

That act pledges Congress to appropriate 50 per cent, nothing less, of the amount of the approved estimates of the commissioners, and authorizes the remaining 50 per cent, nothing more, to be levied and assessed against District property.

One-half the total amount of the approved estimates was made the measure of the tax levy upon District property after 50 per cent thereof has first been appropriated by Congress. Every appropriation made exclusively from the revenues of the District, except for payment of debt and interest, is in violation of that act and costs the District $2 for every $1 expended.

This act was a tardy recognition by Congress of its long-neglected financial responsibilities and obligations to the District of Columbia. Its observance has brought prosperity; its nonobservance, floating debt, with all its serious consequences. The board of trade should take note of how slowly but surely the nonobservance of this act by Congress has eaten into the revenues of the District to the extent of many millions of dollars, until it threatens, unless checked, the ultimate destruction of the half-and-half feature.

From the first dangerous precedent, established in 1891, 13 years after the passage of the organic act, appropriating wholly from the revenues of the District the insignificant sum of $3,000 for a bathing beach, the amounts so appropriated have increased from year to year until they aggregated at the end of the fiscal year ending June 30, 1909, $2,847,283.51. That large sum, with interest thereon, including the interest upon the same amount made thereby unavailable for appropriation for District purposes from the Federal Treasury, approximates the amount of the present floating debt. The importance of the 50 per cent clause of the act, and that it was intended to be a permanent (and final) assumption by the United States of one-half the entire burden of carrying on the government of the District of Columbia, is clearly shown not only in the unmistakable language of the act, but in the protracted debates upon the measure in both Houses of Congress.

Mr. Hendee, in reporting the bill H. R. 3259, Forty-fifth Congress, second session, said:

"There is another clause in the bill which I consider very wise, and perhaps the most important provision in it. It provides that of the expenses or burdens of this District the United States Government shall bear 50 per cent and the people of the District 50 per cent. The United States owns 55 per cent of the entire area of this District. * * * Since the seat of government was established in this District, the entire expenditures of the United States for improvements in the District have been about $9,000,000, while the amount paid by the citizens of the District for the same purpose exceeds the sum of $34,000,000—about four times the amount which has been appropriated by the Federal Government. I make these statements upon data furnished by the Treasury Department and other departments of the Government."

Mr. Blackburn of the committee said:

"I desire to say that the understanding that I have of this feature of the bill—and I am sure that I shall be supported by the committee in the interpretation I give to it—is that the proposition embodied in the bill to divide the expenses between the Federal Government and the District upon the basis of 50 per cent does include all the expenses necessarily incurred in the conduct of the affairs of the District, and does include the very items to which my attention was called by the gentleman from Missouri, Mr. Buckner. * * *

"There is one point more to which I desire to call the attention of the House and then I have done: It is the necessity of having some basis of expenditure fixed between the Federal Treasury and the District treasury. How can a property holder in the District of Columbia determine or gauge the value of his property to-day? Can he tell what tax it will be subjected to as long as he is left the victim of the whim and caprice of Congress? The property holder does not know whether the appropriation made by Congress will be 10 per cent or 90 per cent of the expenditures of the District. No value can be attached to a foot of real estate owned by a property holder within the limits of this District, because the purchaser can not tell what taxation he will be subjected to. The people of the District have a right to demand that you shall fix this question permanently and finally. If you do not intend to bear more than 10 per cent of the burdens of taxation, say so; if you will bear 50 per cent of it, then say so. But whatever per cent the Federal Government is to bear should be determined and fixed permanently, so that legitimate and permanent values may be established in this District. I beg Congress to establish some permanent form of government."

Mr. Hunton said:

"I have studied this question with a great deal of care, and having been a member of the joint select committee, and also a member of the committee which framed and reported this bill, I say after the maturest reflection I could give to the subject that it is but just to the people that the Government should bear equally with the people the burdens of the government of the District of Columbia."

Two amendments were offered in the House—one reducing the share of the expenditures to be assumed by the United States to 25 per cent and the other to 40 per cent thereof. Both amendments were overwhelmingly defeated.

In the Senate no amendment was offered upon this feature of the bill.

Senator Bayard offered an amendment, which was accepted by the Senate, reducing the rate per hundred from $2 to $1.50. Upon that amendment he said:

"The bill contains excellent provision as to estimates for the expenditures of the District, so that Congress shall have control of the cost of governing the District, of carrying on public works here, and then the laying of the tax shall follow that. I have before now expressed the belief, and I now reiterate it, that I do not believe the property of this District in the hands of private citizens can bear one-half the cost of keeping up improvements such as we see around us on the scale which they have assumed. The effect of overtaxation is obvious. It stops all improvements; it deters immigration; it lowers the value of property; discourages persons coming here and attempting to improve the city."

These debates show in the strongest and clearest language that it was the intention of the framers of the organic act, and the intention of the Congress which enacted it into law, that it was to permanently and finally fix the share of expenditures in this District to be assumed by the United States at 50 per cent, and that the amount was not to be left—in the language of Mr. Blackburn—to the whim or caprice of Congress. They show also that Congress intended to protect property here from excessive taxation by reserving to itself the exclusive right to fix the amount of taxes to be raised each year, rather than leave it to the caprice or whim of anyone charged with the duty of valuing property for taxation. The assessor may not fix the value for taxation at less than two-thirds its actual market value nor the rate at more than $1.50 per hundred. But whatever the rate may be, or whatever the value may be, whether they go up or down, these two factors, if the organic act is to be followed, must be so adjusted as to produce 50 per cent, or more, of the amount of the approved estimates. That law contemplated no surplus revenues in this District to induce or tempt extravagant expenditures on the one hand nor did it on the other hand contemplate floating debt with its evil consequences.

If this act may be ignored for one purpose, it may be ignored for all purposes. Let there be no infractions of the half-and-half plan should be the slogan of the board of trade, in the opinion of your committee.

Fortunately for all concerned, the plan under consideration, while avoiding any additions to the present debt, provides in a simple and effective way for current needs, all necessary permanent works, and for the gradual and easy extinction of both the funded and floating debts within 30 years. By extending the time for the payment of the floating debt until 1925, when the funded debt will have been extinguished under the operation of the sinking fund, there will be released until that time the amount that otherwise would be annually paid on the floating debt, plus an equal amount contributed by the United States, so that had this plan been authorized by the last Congress there would have been available for permanent improvements in 1911 approximately $1,030,000, after providing sufficiently for all current needs. Under this plan the normal annual increase of $500,000 in the District revenues, including the 50 per cent to be paid by the United States, will be applied as follows: Four hundred thousand dollars to current needs and $100,000 to permanent improvements, thus largely increasing the annual expenditures for these purposes.

"If," say the commissioners, "the arrangement be adopted during the 12 years beginning with 1912, the amounts available for extraordinary improvements will aggregate $20,160,000. It is believed that in 12 years not more than this sum can be expended on the objects proposed (those hereinafter mentioned) with economy and in accordance with plans deliberately matured."

CONCLUSIONS.

The great advantages of the plan proposed in S. 3260 and H. R. 13474 are:

First. Its simplicity.

Second. That it avoids further advance by the United States or further increase of the District debt.

Third. That it provides a certain and easy way for gradually extinguishing the entire debt within 30 years.

Fourth. That it provides amply for all needs, current and extraordinary, and for an annual increase of half a million dollars in the appropriations for all purposes.

Fifth. That with the knowledge for several years in advance of approximately the amount that will be available each year, the commissioners and the committees of Congress can work out more economical and better digested plans for all important works.

Finally, it will, if adopted, make a most satisfactory settlement of a most unsatisfactory and disturbing financial situation, and place the financial affairs of the District upon a safe, certain, and permanent basis.

Your committee, therefore, strongly recommends that the board of trade give these bills its unqualified approval and earnest support.

Respectfully submitted.

GEORGE TRUESDELL, *Chairman.*

APPENDIX A.

Revenues of the District of Columbia for fiscal years 1898–1909, inclusive.

1898	$3,316,099.85
1899	3,618,141.95
1900	3,437,367.62
1901	3,387,635.73
1902	3,594,569.55
1903	4,540,228.00
1904	4,757,236.85
1905	4,847,644.54
1906	5,094,744.97
1907	5,286,802.10
1908	5,494,447.18
1909	6,058,077.32
Total	53,432,995.66

APPENDIX B.

Extraordinary improvements.

2. Improvement of Rock Creek Valley from Massachusetts Avenue to mouth of creek: Appropriation of $4,000 made to prepare plans and estimates in District appropriation act for 1908. Report made Apr. 25, 1908. Total estimated cost	$4,750,000
3. Improvement of harbor front: Appropriation of $2,500 for plans and estimates made in District appropriation act for fiscal year 1907. Report made May 23, 1908. Total estimated cost, $2,880,000. To be expended in 12 years	1,200,000
4. High-pressure fire protection system: Project estimated for by superintendent of the water department (not by direction of Congress)	750,000
5. Park system of District of Columbia: Report made Jan. 15, 1902, in pursuance of Senate resolution dated Mar. 8, 1901. No estimate of cost given. Approximate estimate of value of land recommended to be acquired for park purposes	5,000,000
Amount to be expended in improvements in 12 years	1,000,000
	6,000,000
6. Suburban trunk sewers: Estimate of the superintendent of sewers for extension of suburban trunk sewer system for the next 12 years	2,000,000
7. Municipal hospital	500,000
8. Elimination of dangerous grade crossings outside of city limits	400,000
9. Extension to suburbs of trunk water mains	800,000
10. Buildings for reformatory and workhouse: Plans for permanent buildings authorized in the District appropriation act for fiscal year 1910. Estimated cost of buildings	1,000,000
Total	19,952,320

APPENDIX C.

Statement of appropriations made since 1878, chargeable wholly to the revenues of the District of Columbia, including fiscal year ended June 30, 1909.

Fiscal years.	Street extensions.	Expenses of excise board.		Miscellaneous.	Total for fiscal year.
1891			Bathing Beach	$3,000.00	$3,000.00
1893			Alleys	40,000.00	
			G. A. R. Encampment	90,000.00	130,000.00
1894	$15,000.00	$2,218.53	Payment to W. S. Abert for compilation of laws	4,000.00	17,218.53
1895	22,500.00	6,794.58	Judgment of Chas. C. Tucker, administrator, *v.* District of Columbia.	699.40	33,993.98
1896	17,991.00	7,000.00	Redemption tax sale certificates	1,031.00	26,022.00
1897	121,686.00	6,935.83	Relief of Emmart Dunbar & Co	14,548.22	143,170.05
1898	21,179.50	4,011.65	Investigating Northern Liberty Market claims	5,000.00	30,191.15
1899	250,576.03	5,995.65	Northern Liberty Market claims	134,578.50	391,150.18
1900	235,465.99	3,682.17	....do	275.00	
			Redemption tax lien certificates	415.00	239,838.16
1901	301,232.64	6,900.00			308,132.64
1902	1,194,889.78	8,000.00			1,199,889.78
1903	2,500.00				2,500.00
1904	4,900.00	17.50	Alleys	25,000.00	29,917.50
1905	5,691.58		Reimbursement of Alice L. Riggs	1,004.96	
			Reimbursement of L. I. O'Neal	140.00	6,836.54
1906	47,871.46				47,871.46
1907	27,073.43		Alleys	50,000.00	
			Relief of Gurley Memorial Church and others	4,101.39	81,174.82
1908	60,369.09		Alleys	50,000.00	110,369.09
1909	45,457.63		Investigating Northern Liberty Market claims	550.00	46,007.63
Total	2,374,384.13	48,555.91		424,343.47	2,847,283.51

And individual citizens became deeply interested as they acquainted themselves with the proposition, as is shown by the following letter from Mr. Hopewell H. Darneille, for several years one of the best and most popular assessors of the District:

WASHINGTON, D. C., *April 18, 1910.*

Hon. SAMUEL W. SMITH,
Chairman District of Columbia Committee,
House of Representatives.

MY DEAR MR. SMITH: In accordance with my promise, I send you herewith my views of House bill No. 13474, known as the Judson financial bill.

After consulting some of my most intimate friends, who are very familiar with the District's finances, and making a thorough and lengthy study of this bill, I am of the opinion that it is a fine solution of the financial affairs of the District of Columbia.

The condition that confronts the District at the present is that there are permanent improvements which seem to demand immediate attention, viz, reclamation of the Anacostia Flats, Rock Creek Valley improvements, harbor front, high-pressure service, parking system suburban trunk sewers and water mains, municipal hospital, grade crossings, and workhouse, estimated at about $18,733,795, after eliminating section 1 of the estimates for Anacostia Flats, which is for a navigable river and will no doubt be provided for by the General Government appropriations, which is usual for such rivers.

The bonded debt of the District is approximately $10,000,000, at 3.65 per cent interest, and the floating debt about $4,000,000, at 2 per cent interest.

By operation of the sinking fund the bonded debt will be extinguished in about 12 years, thus leaving the $487,704, which is now paid yearly from District revenue for interest and sinking fund, it being one-half of the appropriation, to be applied to the liquidation of the floating debt, and in addition to this sum the $80,000 annual interest on the $4,000,000 floating debt, and we have $567,704 annually from District revenues to take care of the floating debt after the bonded debt is extinguished. In other words, at the end of the term of, say, 12 years, or at the most 14 years, the District will have paid the bonded debt and the interest on the floating debt up to that time, leaving its indebtedness to the United States in the sum of $4,000,000 at 2 per cent interest per annum. This sum, together with the interest, could be paid by applying the $567,704 annually to its liquidation in a little over seven years.

On this basis of present revenues available and its reasonable annual increase, it would leave after providing for other municipal needs about $1,100,000 annually to be applied to these permanent improvements out of combined revenues, without any increase in indebtedness. This would leave the District in first-class financial condition.

Congress should have entire control of the expenditures, and I would suggest that a proviso be added to the bill that hereafter no indebtedness be incurred or money expended under the provisions of this act without the specific authorization of Congress, and then you could so regulate appropriations and avoid making any serious indebtedness in the future.

To pay back the $4,000,000 in five years, as is now provided, would so cripple the revenues that any considerable amount of permanent improvements is out of the question and will be for some years to come.

I feel very confident that 20 years, or 22 years at most, would be the limit for the entire extinguishment of all indebtedness now owed by the District if the scheme proposed in this bill is carried out.

I send herewith figures demonstrating how the $4,000,000 could be paid in eight years after the bonded debt has been paid.

Yours, very sincerely, H. H. DARNEILLE.

Debt	$4,000,000
Interest	80,000
Debt and interest	4,080,000
First payment	567,704
Balance of debt	3,512,296
Interest	70,246
Debt and interest	$3,582,542
Second payment	567,704
Balance of debt	3,014,838
Interest	60,297
Balance and interest	3,075,135
Third payment	567,704
Balance	2,507,431
Interest	50,148
Balance and interest	2,557,579
Fourth payment	567,704
Balance	1,989,875
Interest	39,797
Balance and interest	2,029,672
Fifth payment	567,704
Balance	1,461,968
Interest	29,239
Balance and interest	1,491,207
Sixth payment	567,704
Balance	923,503
Interest	18,470
Balance and interest	941,973
Seventh payment	567,704
Balance	374,269
Interest	7,483
Balance	381,752

And last, but not least, I insert a quotation from the annual message of President Taft of December 6, 1910, viz:

PERMANENT IMPROVEMENTS.

Among the items for permanent improvements appearing in the District estimates for 1912 is one designed to substitute for Willow Tree Alley, notorious in the records of the police and health departments, a playground with a building containing baths, a gymnasium, and other helpful features, and I hope Congress will approve this estimate. Fair as Washington seems with her beautiful streets and shade trees, and free, as the expanse of territory which she occupies would seem to make her, from slums and insanitary congestion of population, there are centers in the interior of squares where the very poor, and the criminal classes as well, huddle together in filth and noisome surroundings, and it is of primary importance that these nuclei of disease and suffering and vice should be removed, and that there should be substituted for them small parks as breathing spaces, and model tenements having sufficient air space and meeting other hygienic requirements. The estimate for the reform of Willow Tree Alley, the worst of these places in the city, is the beginning of a movement that ought to attract the earnest attention and support of Congress, for Congress can not escape its responsibility for the existence of these human pestholes.

The estimates for the District of Columbia for the fiscal year 1912 provide for the repayment to the United States of $616,000, one-fourth of the floating debt that will remain on June 30, 1911. The bonded debt will be reduced in 1912 by about the same amount.

The District of Columbia is now in an excellent financial condition. Its own share of indebtedness will, it is estimated, be less than $6,000,000 on June 30, 1912, as compared with about $9,000,000 on June 30, 1909.

The bonded debt, owed half and half by the United States and the District, will be extinguished by 1924, and the floating debt of the District probably long before that time.

The revenues have doubled in the last 10 years, while the population during the same period has increased but 18.78 per cent. It is believed

that, if due economy be practiced, the District can soon emerge from debt, even while financing its permanent improvements with reasonable rapidity from current revenues.

To this end, I recommend the enactment into law of a bill now before Congress—and known as the Judson bill—which will insure the gradual extinguishment of the District's debt, while at the same time requiring that the many permanent improvements needed to complete a fitting Capital City shall be carried on from year to year and at a proper rate of progress with funds derived from the rapidly increasing revenues.

And I want to say that no President since the days of Washington has taken a deeper interest in the affairs of the District of Columbia than has our beloved President, William Howard Taft.

I do not feel that these remarks would be complete without inserting as a part of the same a letter from the former commissioners, addressed to Hon. JOSEPH G. CANNON, Speaker of the House of Representatives, dated October 25, 1909:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
EXECUTIVE DEPARTMENT,
Washington, October 25, 1909.

Hon. JOSEPH G. CANNON,
Speaker of the House of Representatives.

SIR: In preparing its annual estimates for the fiscal year 1911, the Board of Commissioners of the District of Columbia has found no difficulty in providing within the estimated means available for all current needs in accordance with reasonable standards of efficiency.

In addition to current needs, provision has been made for the payment of $975,408 on account of interest and sinking fund pertaining to the bonded indebtedness, and provision has further been made for repayment to the United States of $480,000, principal and interest, on account of advances made by the United States to the District proper.

The debt of the District of Columbia, considering the latter as made up of two partners, the District proper and the United States, includes a bonded debt of approximately $10,000,000. The District proper owes the other partner, the United States, approximately $4,000,000. Inasmuch as repayments on account of this $4,000,000, principal and interest, will be deducted from the District's future contributions to the partnership fund, perforce the contributions of the other partner, the United States, will be diminished accordingly. That is to say, in the future as the District proper repays to the United States this $4,000,000, with interest, the total means available of the partnership will be reduced by an amount equivalent to $8,000,000, with interest at 2 per cent. The financial condition of the District, then, considered as a partnership, is precisely as if it owed a bonded debt of nearly $10,000,000, bearing 3.65 per cent interest, and a floating debt of approximately $8,000,000, bearing 2 per cent interest.

It appears to be the intention of Congress that the floating debt shall be paid off within five years. The bonded debt must be paid within 15 years, if the bonds are to be met at maturity. Thus the District, considered as a partnership, appears obligated to pay off its debt of virtually $18,000,000 wholly within 15 years and in very large part within five years.

Due to payments on account of debt, the combined resources of the partnership available for general purposes are, in effect, reduced, in the estimate submitted for the fiscal year 1911, by $975,408, plus $960,000, or a total of $1,935,408.

While, as above stated, current needs have been amply provided for in the 1911 estimates, yet it must be admitted that no sufficient provision has been made for the many great public works of importance to the future, which should soon be undertaken and carried forward with reasonable rapidity. In the past this provision has been made by generous advances from the Federal Treasury. It is apparent, however, that if this arrangement is continued in order that these great projects which already demand initiation shall be undertaken, not to mention the enterprises which experience shows will undoubtedly present themselves in the future, the amount of debt now incurred will be greatly increased and its burden will eventually rest heavily upon the District. If, therefore, any plan can be presented whereby these advances shall cease and yet these large permanent improvements can be carried forward without sacrificing the efficiency in current municipal work, the commissioners believe that such a plan would commend itself to Congress and to the community, whose affairs are, in part, intrusted to their administration. The solution of the problem, in their judgment, lies in extending the period of time in which the debt of the District shall be paid.

If of the contribution of the District proper there be each year applied to payment of debt, principal, and interest $567,704, it is certain that the process will, in some such period as 25 years, extinguish principal and interest of the half of the bonded and floating debt of the District proper, such half amounting to approximately $9,000,000. Each year the financial condition of the District will be improved, for each year its debt will be less, until within 25 years it will be extinguished, provided nothing more be borrowed in the meantime. This arrangement would be equivalent to an extension of time granted by the United States to its partner, the District proper, for the repayment of the $4,000,000 which the latter owes the former. The annual provision of $567,704 from District revenues includes $487,704, which is the District's half of annual payments, sufficient to extinguish the bonded debt, and the further sum of $80,000, the interest due annually on the $4,000,000 advanced by the United States to the District proper. After the extinction of the bonded debt in 1924, the $567,704 would be applied annually toward the extinction of the debt owed by the District proper to the United States.

If this arrangement had been authorized by Congress when the estimates for the fiscal year 1911 were being prepared, there would have been available for extraordinary improvements approximately $1,030,000.

The revenues of the District proper increase at the rate of practically $250,000 per annum. Thus the revenues of the partnership may be said to increase at the rate of $500,000 per annum. This rate of increase, past and prospective, makes the proposed plan practicable. The board of commissioners is confident that four-fifths of this increment will be an ample annual increase in the aggregate of all those items of the estimates devoted to current needs.

It is proposed, therefore, as a quid pro quo, if Congress shall extend the time during which the debt shall be paid to some such period as 25 years, that it shall be made obligatory upon the commissioners, in submitting their estimates, to provide annually for such reduction of the debt as will make it each year less and finally extinguish it, principal and interest, in about 25 years; to borrow no more money from the United States Treasury or elsewhere, and to provide annually for extraordinary improvements on the scale on which they might have been undertaken in 1911 (without sacrifice of current needs) if the payment of the debt had already been made more gradual, as proposed above, adding each year to the fund for extraordinary improvements a sum estimated to be one-fifth of the increase in combined revenues. Thus for any fiscal year there would be added for extraordinary improvements to $1,030,000 one-fifth the increment of means available, counting from 1911, so that, for example, if in 1911 $1,030,000 were available, that amount would be increased by $100,000 the subsequent year; $100,000 more would be added the next year, and so on.

To the end that this policy may be inaugurated and the continuance of the policy safeguarded, the board of commissioners presents herewith a draft of a bill designed to place such a system in operation and to insure its continuance. A term of 12 years has been provided in the bill as the period during which this arrangement shall continue.

If the arrangement be adopted, during the 12 years beginning with 1912 the amounts available for extraordinary improvements will aggregate $20,160,000. It is believed that in 12 years not more than this sum can be expended on the objects proposed with economy and in accordance with plans deliberately matured.

By the end of the 12 years doubtless other great projects will demand recognition, but by that time, under the same system, much larger sums will be annually available.

To recapitulate, the plan advocated will not only reduce the debt every year and finally extinguish it, but, always caring for current needs, will insure the expenditure of some $20,000,000 in extraordinary improvements during the 12 years ending with 1923, and leave, at the end of that period, an even greater power in the District to accomplish the extraordinary projects which will then be in sight.

There is inclosed herewith, in addition to the draft of the proposed bill, a memorandum of the proposed items of extraordinary improvements, together with tentative estimates of cost.

Very respectfully,

HENRY B. F. MACFARLAND,
HENRY L. WEST,
W. V. JUDSON,
Commissioners of the District of Columbia.

And the full and comprehensive argument of the Engineer Commissioner—Maj. W. V. Judson:

Payment of District debt and permanent improvements.

COMMITTEE ON THE DISTRICT OF COLUMBIA,
HOUSE OF REPRESENTATIVES,
Thursday, March 3, 1910.

The subcommittee met at 11.10 o'clock a. m., Chairman Smith presiding.

ARGUMENT OF MAJ. W. V. JUDSON, ENGINEER COMMISSIONER, REPRESENTING THE BOARD OF DISTRICT COMMISSIONERS.

The city of Washington, because it is the seat of government and the capital city of the United States, possesses among all American cities a peculiar function, which is to attract and hold the sentimental regard of all the Nation and add to its patriotic feeling. Its physical characteristics must be such as are consistent with this function.

In a sense, the capital city of a nation is symbolic of its stability and aspirations.

In performing its function it acts in a certain degree as do the national colors, centering about itself the affection of the people and inspiring them to a healthy national feeling.

In time of war a national capital is often made the objective of hostile operations by reason of the moral effect that would result from its capture, injury, or destruction, and a government would rely largely upon the love of a people for its capital to stir the nation to a successful resistance.

The public interest of all the people of the United States in Washington is evidenced not only by the constitutional provision for its government and by the considerations I have mentioned, but also by the policy of Congress, as evidenced by annual contributions to the District of Columbia of between $5,000,000 and $6,000,000. In fairness the people must find in Washington some quid pro quo. When they visit Washington or talk or read about it, they expect, as a result of their contributions, to contemplate a city worthy of the natural pride that has induced such contributions. It would seem, even, that they may properly demand this.

In Washington, then, to satisfy physical requirements, so far as they depend upon public funds, a part of the expenditures must be directed toward, we may say, monumental things. To satisfy bare current necessities by current public expenditure will not produce a city such as the people have a right to demand. And yet in our last few appropriation acts nothing has been done except to care for current needs. In the last year or two, certainly, the people of the Nation, not resident in Washington, have received but little for their very large contributions to the funds appropriated.

The revenues of the District of Columbia have been increasing rapidly, at the rate of about $250,000 per annum; thus the combined revenues have been and are increasing at the rate of about $500,000 per annum. Current needs, being a function of area and of population, are increasing at a much less rapid rate than are the means available. The debt is being rapidly paid off. The only thing that is not being done at the present time is to effect those permanent or extraordinary improvements such as are essential in the case of Washington. These improvements can be made more economically if made systematically. The ample revenues eliminate any need for the borrowing of money. It is only necessary to make a program of expenditure so that each item of work shall not be "new legislation," requiring, for consideration and appropriation, the action of four or more committees of Congress and the passage of a separate act.

The bill is designed to carry out this idea of establishing a program. As the result of the passage of this bill, $20,160,000 would become available for expenditure on permanent or extraordinary improvements within the next 12 years. The gradual elimination of the debt is provided for so that within 25 years no indebtedness would remain.

There is nothing in this bill that would divert from the funds annually available more than can be spared for the purposes under consideration. An ample amount will remain each year for all current needs. This bill has been forwarded to Congress by the Commissioners of the District of Columbia with their most favorable consideration. It is very important that it should become a law at this session of Congress in order that the halt in the making of permanent improvements may end before the advance in real estate values shall materially increase the cost of obtaining the land that will be required for parks, etc.

In preparing its annual estimates for the fiscal year 1911 the Board of Commissioners of the District of Columbia found no difficulty in providing within the estimated means available for all current needs in accordance with reasonable standards of efficiency.

In addition to current needs, provision was made for the payment of $975,408 on account of interest and sinking fund pertaining to the bonded indebtedness, and provision has further been made for payment to the United States of $480,000, principal and interest on account of advances made by the United States to the District proper.

The debt of the District of Columbia, considering the latter as made up of two partners, the District proper and the United States, includes a bonded debt of approximately $10,000,000. The District proper owes the other partner, the United States, approximately $4,000,000. Inasmuch as payments on account of this $4,000,000, principal and interest will be deducted from the District's future contributions to the partnership fund, perforce the contributions of the other partner, the United States, will be diminished accordingly. That is to say, in the future, as the District proper repays to the United States this $4,000,000, with interest, the total means available of the partnership will be reduced by an amount equivalent to $8,000,000, with interest at 2 per cent. The financial condition of the District, then, considered as a partnership, is precisely as if it owed a bonded debt of nearly $10,000,000, bearing 3.65 per cent interest, and a floating debt of approximately $8,000,000, bearing 2 per cent interest.

It appears to be the intention of Congress that the floating debt shall be paid off within 5 years. The bonded debt must be paid off within 15 years, if the bonds are to be met at maturity. Thus the District, considered as a partnership, appears obligated to pay off its debt of $18,000,000 wholly within 15 years, and in very large part within 5 years.

In the last 30 years the debt has been reduced from $23,000,000 to virtually $18,000,000. What is provided in the bill is, therefore, a great improvement on what has been done in the past, as regards the debt, for the bill contemplates the complete extinction of the debt in 25 years or less.

Due to payments on account of debt, the combined resources of the partnership available for general purposes are, in effect, reduced in the estimates submitted for the fiscal year 1911 by $975,408 plus $960,000, or a total of $1,935,408.

The District appropriation bill as it comes from conference shows a reduction of $555,205.50 from the estimates of the commissioners. The effect is to cause the District to repay to the United States on account of advances a further sum of one-half that amount, or $277,602.75. The total reduction due to payments on account of debt during 1911 may therefore be set at $2,490,613.50.

While, as above stated, current needs have been amply provided for in the 1911 estimates, and Congress has been able to provide for said current needs with an appropriation $555,205.50 less than the estimates, yet it must be admitted that no sufficient provision has been made for the many great public works of importance to the future which should be undertaken and carried forward with reasonable rapidity.

The Board of Commissioners hestitates to employ the phrase "extraordinary improvements" as applied to works of this class, for the reason that it appears to be generally true in the lives of cities that the so-called extraordinary improvements in sight at any one epoch are always more numerous and costly than works of the same class that were in sight at any previous epoch, even though all of the latter works may have been executed. The Board of Commissioners, therefore, is unwilling to advocate a policy of borrowing to accomplish works of this class, as it is apparent that there would be no end to such borrowing. The loans would, in fact, come due at the very time when other so-called extraordinary improvements would demand to be done.

In emergencies doubtless the creation of municipal debts is justifiable. Certainly the borrowing of money by anybody is a sound business proposition when a larger interest can be earned upon the money borrowed than is paid for its use. But it is, nevertheless, true that no one should go in debt whose means are ample, with due economy but with reasonable dispatch, to make all of the outlays which he considers desirable. And such is the position of the District of Columbia at this time.

It appears to be in accordance with sound business policy now to arrange our finances and our public works in such a manner as will permit of an annual reduction of our debt and at the same time insure the carrying forward of the permanent improvements that, for lack of a better word, may be termed "extraordinary," since it is apparent that these things can be done without sacrifice of efficiency in the ordinary current work.

The Board of Commissioners is convinced that but one thing is needed to make this practicable, and that is an extension of the period of time during which the debt of the District shall be paid. Even this extension is more apparent than real, as only the estimates of the commissioners are to be based upon such extension, while by one-half of whatever amount Congress shall in appropriating see fit to reduce such estimates—and, judging by the past, it seems probable that Congress will reduce them—the debt due the United States by the District will, in fact, be diminished. Moreover, whatever appropriations be made, there are always some balances unexpended at the end of each fiscal year, and one-half of all such balances are applied to a reduction of the debt due the United States by the District.

If of the District proper contribution there be each year applied to the payment of debt, principal and interest, $567,704, it is certain that the process will, in some such period as 25 years, extinguish principal and interest of the District proper half of the bonded and floating debt, such half amounting to approximately $9,000,000. Each year the financial condition of the District will be improved; for each year its debt will be less, until within 25 years it will be extinguished, provided nothing more be borrowed in the meantime. This arrangement would be equivalent to an extension of time granted by the United States to its partner, the District proper, for the repayment of the $4,000,000, which the latter owes the former. But, as is above pointed out, this debt would in all probability be paid in a considerably shorter space of time, due to the anticipated action of Congress in reducing the commissioners' estimates.

The annual provision of $567,704 from the District revenues includes $487,704, which is the District's half of an annual payment sufficient to extinguish the bonded debt, and the further sum of $80,000, the interest due annually on the $4,000,000 advanced by the United States to the District proper. After the extinction of the bonded debt in 1924, the $567,704 would be applied annually toward the extinction of the debt owed by the District proper to the United States, if any such debt should then remain.

If this arrangement had been authorized by Congress when the estimates for the fiscal year 1911 were being prepared, there would have been available for extraordinary improvements approximately $1,030,000. Or assuming that the provisions of the District appropriation bill, as agreed upon in conference, are ample for current needs, then $1,585,205.50 would have been so available.

As has been before stated, the revenues of the District proper increase at the rate of practically $250,000 per annum. Thus the revenues of the partnership may be said to increase at the rate of $500,000 per annum. The Board of Commissioners is confident that four-fifths of this increment will be an ample annual increase in the aggregate of all those items of the estimates devoted to current needs.

It is proposed therefore as a quid pro quo, if Congress shall extend the time for paying the debt, as provided in the bill and as explained above, that it shall be made obligatory upon the commissioners, in submitting their estimates, to provide annually for such reduction of the debt as will make it each year less and, finally, extinguish it, principal and interest, in less than 25 years; to seek to borrow no more money from the United States Treasury or elsewhere, and to provide annually for extraordinary improvements on the scale on which they might have been undertaken in 1911 (without neglect of current needs) if the payment of the debt had already been made more gradual, as proposed above, adding each year to the fund for extraordinary improvements a sum estimated to be one-fifth of the increase in combined revenues. Thus, for any fiscal year there would be added for extraordinary improvements to $1,030,000 one-fifth of the increment of means available, counting from 1911; so that, for example, if in 1911 $1,030,000 were available, that amount would be increased by $100,000 the subsequent year, $100,000 more would be added the next year, and so on.

To the end that this policy may be inaugurated and the continuance of the policy safeguarded, the Board of Commissioners presents herewith a draft of a bill designed to place such a system in operation and to insure its continuance. A term of 12 years has been provided in the bill as the period during which this arrangement shall continue.

If the arrangement be adopted, during the 12 years beginning with 1912 the amounts available for extraordinary improvements will aggregate $20,160,000. It is believed that in 12 years not more than this sum can be expended on the objects proposed with economy and in accordance with plans deliberately matured.

At the end of the 12 years doubtless other great projects will demand recognition, but by this time, under the same system, much larger sums will be annually available.

To recapitulate, the plan advocated will not only reduce the debt every year and finally extinguish it, but, always caring for current needs, will insure the expenditure of some $20,000,000 in extraordinary improvements during the 12 years ending with 1923, and leave at the end of that period an even greater power in the District to accomplish the extraordinary projects that will be then in sight.

List of extraordinary improvements.

1. Reclamation of the Anacostia Flats:			
Secretary of War directed to submit project by joint resolution approved Apr. 11, 1898. Report made Dec. 12, 1898, with the following estimates—			
Section 1, mouth of river to navy-yard bridge	$1,218,525		
Section 2, navy-yard bridge to Bennings bridge	976,195		
Section 3, Bennings bridge to District line	644,600		
	2,839,320		
Less cost of work already undertaken by United States incident to improving the Anacostia up to the navy yard	1,218,515		
			$1,620,795
2. Improvement of Rock Creek Valley from Massachusetts Avenue to mouth of creek: Appropriation of $4,000 made to prepare plans and estimates in District appropriation act for 1908. Report made Apr. 23, 1908. Total estimated cost			4,750,000
3. Improvement of harbor front: Appropriation of $2,500 for plans and estimates made in District appropriation act for fiscal year 1907. Report made May 23, 1908. Total estimated cost, $2,880,000. To be expended in 12 years			1,200,000
4. High-pressure fire-protection system: Project estimated for by superintendent of the water department (not by direction of Congress)			750,000
5. Park system of District of Columbia: Report made Jan. 15, 1902, in pursuance of Senate resolution dated Mar. 8, 1901. No estimate of cost given. Approximate estimate of value of land recommended to be acquired for park purposes	$5,000,000		
Amount to be expended in improvements in 12 years	1,000,000		
			6,000,000
6. Suburban trunk sewers: Estimate of the superintendent of sewers for extension of suburban trunk-sewer system for the next 12 years			2,000,000
7. Municipal hospital			500,000

8. Elimination of dangerous grade crossings outside of city limits: Estimated amount required in 12 years	$400,000
9. Extensions to suburbs of trunk water mains: Work desirable in next 12 years	800,000
10. Buildings for reformatory and workhouse: Plans for permanent buildings authorized in the District appropriation act for fiscal year 1910. Estimated cost of buildings	400,000
Total	18,420,795
Amount available under bill for extraordinary improvements	20,160,000
Amount that can be expended on additional extraordinary improvements if and as authorized by Congress	1,739,205

SUPPLEMENTAL STATEMENT BY MAJ. JUDSON, FEBRUARY 28, 1911.

The argument for this bill was prepared about a year ago. Since that time there has been a considerable reduction of both bonded and floating debts.

By June 30, 1911, it is estimated that the bonded debt will be reduced to $8,800,000, and the floating debt to $2,400,000; and by June 30, 1912, it is estimated that the bonded debt will be reduced to $8,200,000, and the floating debt to $1,800,000.

The bill now before the House controls the allotment of District funds in the estimates of the commissioners from and after June 30, 1912, when the debt condition will be as last stated.

If this bill shall become a law the bonded debt will necessarily be extinguished by 1924, and the floating debt by 1928. Certain practical causes will operate to extinguish the debt at a much earlier period. In the first place it is inconceivable that Congress will appropriate in the future any more than it has in the past every dollar recommended by the commissioners in their estimates. And by every dollar that Congress, in appropriating, reduces the annual estimates of the commissioners the floating debt of the District will be reduced 50 cents. Again, the commissioners, in beginning to prepare their annual estimates, are obliged to start out with a conservative estimate of the amount that will be received from taxes and other sources. By just the amount that the actual receipts exceed this conservative estimate of them the floating debt will be automatically reduced. Experience shows that the commissioners do make this estimate conservatively, and that the actual revenues do exceed their estimates of them. And finally there are always unexpended balances of appropriations that revert to the Treasury every year. These balances operate automatically to reduce the floating debt.

The closest students of the District's finances believe that the floating debt will in fact be extinguished before 1924, when the bonds will have been retired. At any rate, it is certain that if this bill passes, the District will emerge from debt at some time between 1924 and 1928—and in all probability by 1924.

Mr. SMITH of Michigan. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 13 minutes remaining.

Mr. SIMS. I yield 10 minutes to the gentleman from Kentucky [Mr. JOHNSON].

Mr. SMITH of Michigan. Mr. Speaker, I reserve the balance of my time.

Mr. JOHNSON of Kentucky. Mr. Speaker, as has been properly said by the chairman of the District Committee, this is one of the most important bills that has come before this body for its consideration. And in connection with it there has been more parliamentary legerdemain than I ever saw connected with any bill that has ever come upon this floor.

About a year ago a bill was introduced under the number which this one now bears. It was considered by the committee, and thereby a bill under this number was brought before the committee. There it was considered by the committee; and, if I recollect correctly, it passed the committee by a scant majority.

But the other day, Mr. Speaker, I ask this House to remember, when this bill by number came up for consideration, the chairman of the committee asked that a Senate bill, which, if I am correctly informed, has not yet passed the Senate, be substituted for it.

Mr. SIMS. It has not been reported by any committee.

Mr. JOHNSON of Kentucky. Yes. And yet in less than a minute he changed his position and asked that another bill still might be introduced in lieu of the bill that was introduced here a year ago.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. JOHNSON of Kentucky. Yes.

Mr. SMITH of Michigan. I am sure that the gentleman does not intend to make a misstatement. I have never made the claim for a single moment that the Senate bill had passed.

Mr. SIMS. He did not even show the number of it.

Mr. JOHNSON of Kentucky. Now, Mr. Speaker, when this bill was called up by number for consideration, it was moved, I repeat, to substitute a Senate bill, which had never been reported, as I understand, to the Senate, and therefore had never been adopted by the Senate. Then, in a few seconds thereafter, the chairman of the committee asked leave to withdraw that and to substitute another bill in lieu of the Senate bill. That other bill which he asked leave to introduce in lieu of it had not then been prepared. Not only had it not been introduced before this House, not only that, but it had never gone to a committee of either this House or the Senate; and, I repeat, it had not then been prepared. But on night before last it was prepared and was printed in the RECORD of yesterday, and here it comes to-day, offered to this House, changed even again, so that it is not the bill which you gentlemen read in the RECORD of yesterday morning.

And, more than that, I say that the bill which you are asked to vote for now has never been considered by a committee, either of this House or of the Senate.

Mr. SMITH of Michigan. The gentleman is mistaken. The bill which is reported here is identical with the one printed in the RECORD, with the exception of one line, and that was stricken out to please Members here, and certainly they ought not to object to that.

Mr. JOHNSON of Kentucky. When did the committee meet to approve this bill?

Mr. SMITH of Michigan. The gentleman knows why we have not met. It has simply been because we have not had opportunity to do business.

Mr. JOHNSON of Kentucky. Here is a bill called up before this House which the committee has not been called together to consider, and even the bill which appeared yesterday morning in the RECORD for your consideration is changed now, and the Members of this House are asked to vote for a bill which they have not seen, unless they have gotten it from that desk a few moments ago.

The members of the committee have not been advised as to the changes made in the bill except as by diligence, perchance, they themselves have found them.

Now, what does this bill do—this bill that is sprung before this House without notice and without warning? It appropriates more millions of dollars than any man here supposes. I say there is no limit to the amount of money which this bill carries. And when you have adopted it you have taken from the District Committee, you have taken from this House, the right to make appropriations for permanent improvements herein contained until the year 1925.

The bill provides that in determining the estimates of funds available for appropriation in each succeeding fiscal year the commissioners shall first provide and set aside from the estimated District revenues a sufficient sum to meet all the estimated and fixed charges required by law to be paid wholly from the revenues of the District. How much is that? Who knows? Where is the man who can tell us how much that amounts to? And then you go along further down to the bottom of the page and observe that it appropriates the sum of $300,000 as "a repayment on account of said advances" until the indebtedness of the District of Columbia to the United States has been paid. How many years, I pray of you, will it take at $300,000 a year to pay the indebtedness to the United States?

Mr. BORLAND. Twelve years.

Mr. JOHNSON of Kentucky. It is not stated here, and no man can tell if those commissioners are left to approximate the amounts as they may see fit.

In addition to that the District of Columbia is now indebted to the United States Government to the amount of something like $13,500,000. They say this bill is introduced in order that the District of Columbia may pay that indebtedness, but how is it to be paid?

Mr. GARDNER of Michigan. Did I understand the gentleman to say that this District was indebted to the Government to the amount of $13,500,000?

Mr. JOHNSON of Kentucky. I said about that sum, and I can prove it.

Mr. GARDNER of Michigan. I should like to hear the proof.

Mr. JOHNSON of Kentucky. Here is a letter, signed by a man whose name I can not read, but he is auditor of the District of Columbia, in which he says:

On page 13 you will find a recapitulation of the total debt of the District. The bonded indebtedness, represented by 3.65 bonds outstanding June 30, 1910, is $9,492,100. The floating indebtedness at the same time amounted to $3,374,278.98, making a total of $12,766,378.96.

Mr. GARDNER of Michigan. Will the gentleman yield for a question?

Mr. JOHNSON of Kentucky. Yes.

Mr. GARDNER of Michigan. Does the gentleman from Kentucky know, or does he not know, that the Government of the United States pays one-half of the bonded indebtedness?

Mr. JOHNSON of Kentucky. I say——

Mr. GARDNER of Michigan. Will the gentleman answer?

Mr. JOHNSON of Kentucky. That depends on whether or not this bill passes.

Mr. GARDNER of Michigan. On the bonds outstanding which the gentleman speaks of.

Mr. JOHNSON of Kentucky. Here are $9,500,000 in a bonded debt owing by the District of Columbia to the United States. And this measure proposes not that the District of Columbia shall pay that debt to the United States, but that it shall be paid out of the joint funds owned by the District of Columbia and the United States, thereby compelling the United States Government to pay one-half of the bonds held against the District of Columbia, which bonds are made payable to the United States.

The SPEAKER. The time of the gentleman has expired.

Mr. SMITH of Michigan. How much time has the gentleman used?

The SPEAKER. Ten minutes. The gentleman from Tennessee [Mr. SIMS] has 20 minutes remaining.

Mr. SIMS. I yield five minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, as a member of the District of Columbia Committee I wish to substantiate what the gentleman from Kentucky [Mr. JOHNSON] has said concerning this measure.

The bill has been changed four times within 48 hours. It has never been reported from our committee; it has never been submitted to the members of the committee, separately or individually, and yet, at this late hour, this House is asked to suspend the rules for the purpose of divesting Congress of the power and giving to the Commissioners of the District of Columbia certain functions, for which the sum of at least $20,000,000 is to be expended in the next 12 years, and the amount of money may run to thirty or forty millions of dollars.

Now this is the proposition before the House. As a result of the study of the organic act of 1878 creating the District government, I maintain that it was never contemplated to divest Congress of its power over the appropriations for great contemplated public works in the District. That act shows that those urging them must come to Congress every year for their public works. The chairman of the District of Columbia Committee [Mr. SMITH of Michigan] gave the whole secret away when he said it emanated from the brain of the District Engineer Commissioner. It did emanate from his fertile brain, for the purpose of seizing power which now belongs to Congress, and which should not be placed beyond the power of Congress.

As a member of the District of Columbia Committee I have favored large appropriations for public improvements, but I do not desire in the closing hours of my service in this House to give my sanction to any such bill as this. It has a very pleasing fringe about it in the beginning of the bill, where it speaks about wiping out debt, but the purpose of this bill, as the gentleman from Michigan [Mr. SMITH] himself has said, is to increase the power of the District engineer officer and to make the District Commissioners and not Congress the arbiters of permanent improvements in the District.

I submit, Mr. Speaker, that the House should never enact legislation of so extraordinary a character unless there is some general demand for it, and as a member of the Committee on the District of Columbia, I must say that I have failed to see any demand for it except from some real estate speculators and the District engineer commissioner. Among the public improvements contemplated by this bill, may I ask why there is only one mentioned by name, and that is the reclamation of the Anacostia flats? Who are behind that, that they have power enough to spring their pet project in a bill like this? Now, I wish to call the attention of the House to the report of the committee on the Union Calendar, No. 276, made by the gentleman from Michigan when this bill was first introduced in the House some year and a half ago.

Mr. SMITH of Michigan. In June, 1910.

Mr. FISH. They have stricken out of this bill improvements estimated to cost some $6,000,000.

The SPEAKER. The time of the gentleman has expired.

Mr. FISH. I ask for one minute more.

Mr. SMITH of Michigan. I yield to the gentleman one minute more.

Mr. FISH. I want to call attention of the House that while this bill estimates for improvements to cost the same amount as the bill originally introduced by the gentleman from Michigan—that is, covering at least $20,000,000—they have left out of this bill the improvement of Rock Creek Valley, at an estimated cost of $4,750,000, and the improvement of harbor front, at an estimated cost of $1,200,000, the two items aggregating almost $6,000,000. In all there should be only $14,000,000 instead of $20,000,000 appropriated in this bill. [Applause.]

Mr. SMITH of Michigan. Mr. Speaker, I yield to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the revenues of the District of Columbia are increasing every day. Every dollar of the revenue thus far raised has been used for the ordinary running expenses of the government. All permanent improvements thus far made have been made from funds borrowed from the Federal Treasury. There are $2,800,000 of this money borrowed to be paid. This bill provides for the payment of this $2,800,000 out of the revenues of the District at the rate of $300,000 every year. This bill provides for the setting aside of $1,230,000 a year until 1924, for the purpose of making permanent improvements, and these permanent improvements consist of the reclamation of the Anacostia Flats and the turning of these flats into a park. They consist of a permanent system of sewerage, the extension of the water mains, furnishing facilities to the people who are here to-day and those who are yet to come.

The bill provides that after these two sums—$1,230,000 and $300,000, making $1,530,000—every year shall have been taken from the revenues of the District, that what remains after the deduction of these sums shall be appropriated for the ordinary conduct of the District of Columbia, and to this sum, which is set aside after making these enormous deductions, shall be added an equal sum out of the Treasury of the Federal Government.

This bill should be entitled "For economy of government." It is the best bill ever reported by any committee in charge of District affairs. It contains a permanent system of improvements. It contains a policy of paying the debt of the people of the District of Columbia. It contains the policy of the extension of parks for the people of the District. It contains a permanent policy for the beautification of the District of Columbia, a thing in which every citizen of the Union is interested. It economizes in the conduct of the government. It takes $1,550,000 every year less out of the Federal Treasury than is taken from it now. It compels the people of the District to pay for their permanent improvements out of the revenues which they raise from taxation every year, and there is nothing behind the bill to frighten anybody. It is a bill prepared after the most deliberate consideration. It is a bill in the interest of the future of the District of Columbia. It is a bill which prompts men to do what is best for the people of this District in the days that are to come, and there is no man on the floor of this House, no matter which side of the aisle he may sit upon, who ought not to be in favor of its enactment into law.

The gentleman from Kentucky [Mr. JOHNSON] did not state the facts. He talked about the bonded debt, and this bill has nothing to do with the bonded debt. This bill deals with the floating debt, and it compels them to pay a fixed sum every year, and at the same time appropriates for the development of the District so that every citizen in America will be proud of Washington when he comes to visit it. [Applause.]

Mr. SIMS. I yield five minutes to the gentleman from New York [Mr. ANDRUS].

Mr. ANDRUS. Mr. Speaker, it is not an easy thing for me to disagree with the chairman of the District of Columbia Committee. I respect him highly; I consider him an honest, forceful, efficient Member, and whatever I accord to myself I am willing to give to every other person. If I want to investigate a matter, and my judgment dictates a certain line of policy, it is my duty to follow it, because I want to live in peace with my conscience.

I object to certain features in this bill, and I see no good reason why we should pay the funded debt just now, or why we should pay for these great improvements upward of $20,000,000 as the work is done.

Mr. TAYLOR of Ohio. Will the gentleman yield?

Mr. ANDRUS. I can not; I have only five minutes. I believe good business sense should prevail in my district as in yours. Perhaps our people are paying 4 to 4½ and 5 per cent and perhaps 6 per cent on money used for purposes in our cities, villages, or county. Is it not good business to pay the obligations drawing the highest rate of interest rather than to pay the obligations drawing the lowest rate of interest?

I see no reason why we should not continue to issue a few bonds. What is the bonded debt of the District to-day? Thirteen million five hundred thousand dollars. To the credit of the District be it said they are reducing their indebtedness rather than increasing it, but during the last 30 years what has been the result? They have reduced their bonded indebtedness from twenty-three million to thirteen million five hundred thousand.

I secured these figures in the report accompanying the original bill, and the District has reduced its bonded indebtedness during the last 30 years at the rate of $166,666 a year. It is creditable to the District.

Now, what is it we propose to do? We propose to spend twenty millions and reduce the indebtedness of $13,500,000 in 12 years. We have been reducing it at the rate of one hundred and sixty-six thousand plus, and now we are proposing to reduce it three millions—plus 19 times as much—and pay off this sum each year. I think this proposition should be voted down.

But there is a more serious objection. In this report there is an item of $4,750,000 for buying and improving that part of Rock Creek south of Massachusetts Avenue to the Potomac River—a ravine, with steep-sided hills, so narrow at the bottom in some places that the bed of the stream crowds right to the shore, to the foothills of the banks, and it is proposed to buy that ravine, including cost of improvements, for the sum of $4,750,000. It costs, as the chairman of the committee says, about 60 or 70 cents per square foot. It costs, with estimated improvements, about $2,000 a city lot of 25 feet by 100. It costs about $32,000 an acre. What have we after we buy and improve it? It is merely a roadway, a link between the Potomac and Rock Creek Park, a driveway for automobiles, carriages, and equestrian uses, and it costs $4,750,000 improved, according to the report. Sometimes we are amazed when we see that railroads report spending $400,000 or $500,000 a mile for a four-track road over which limited trains run at more than a mile a minute, and the people want that sort of thing investigated, and when we build a park road from the Potomac to Rock Creek Park that costs $3,166,666 a mile, is there not a chance for investigation? [Applause.]

The SPEAKER pro tempore (Mr. BURKE of Pennsylvania). The time of the gentleman has expired.

Mr. SMITH of Michigan. Mr. Speaker, I yield one-half minute to the gentleman from New York [Mr. OLCOTT].

Mr. OLCOTT. Mr. Speaker, in this half minute I can not say very much. All I want to say is that this is one of the best bills ever presented by the District of Columbia Committee during the six years that I have been here, and it ought to pass.

I want to extend my remarks in the RECORD and show wherein the statements even of the gentleman for whom I have such high respect, my colleague from New York [Mr. ANDRUS], are in error as to the figures which he has used. This bill ought to pass.

[By unanimous consent, Mr. OLCOTT was permitted leave to extend his remarks in the RECORD.]

Mr. SMITH of Michigan. Mr. Speaker, I yield two minutes to the gentleman from Illinois [Mr. MANN].

Mr. MANN. Mr. Speaker, the amount of taxes which we collect from the District is fixed by law. It does not depend upon the amount of the expenditures. The expenditures depend upon the taxes, and this bill simply proposes to limit the current expenses of the Government, so that there shall be a surplus fund out of the current revenues which can be applied to permanent improvements of $1,230,000, and that is all it does do.

Mr. HULL of Tennessee. I will ask the gentleman——

Mr. MANN. The gentleman will not ask me anything in two minutes. That is all it does. It does not confer any additional authority upon the District Commissioners in any respect whatever. It confers no additional authority upon the Committee on Appropriations in any respect whatever. Every item in it not authorized by previous law will still remain subject to a point of order when it comes into the House. The District Commissioners may now estimate for $2,000,000 of public improvements if they wish to or they can estimate for $10,000,000 if they wish to. All this bill does is to require them to save out of the current revenues in making their estimates enough to estimate $1,270,000 for public improvements and a certain amount to repay the indebtedness of the District, and it does not make those items in order on an appropriation bill. It will still be simply an estimate, the same kind of an estimate the commissioners can now make.

The fear that gentlemen have that this will create a park system depends solely on what Congress will do in the future, because this will not make park systems in order. All it will do will be to have a fund of $1,230,000 which could be applied to public improvements, and which, if not applied to public improvements will be applied to the extinguishment of the debt.

Mr. JOHNSON of South Carolina. Then, why put anything about parks in the bill?

Mr. MANN. Because they have to make their estimate include everything.

Mr. SMITH of Michigan. How much time have I remaining?

The SPEAKER pro tempore. The gentleman has six and a half minutes.

Mr. SMITH of Michigan. Will the gentleman from Tennessee use some of his time?

Mr. SIMS. Is the gentleman going to use all of his time in one speech?

Mr. SMITH of Michigan. No.

Mr. SIMS. Then the gentleman should use some time. He only yielded two minutes to the gentleman from Illinois [Mr. MANN].

Mr. SMITH of Michigan. How much time has the other side?

The SPEAKER pro tempore. The gentleman from Tennessee has nine minutes and the gentleman from Michigan six and a half minutes.

Mr. SIMS. I yield one minute to the gentleman from South Dakota [Mr. MARTIN].

Mr. MARTIN of South Dakota. Mr. Speaker, from a somewhat careful study of this bill and report I am obliged to entirely differ from the gentleman from Illinois in his views, and only desire in this one minute to show that the committee itself in making this report took a different view from what the gentleman has put upon it. This report says, on page 2:

> The only thing that is not being done at the present time is to effect those permanent or extraordinary improvements such as are essential in the case of Washington. These improvements can be made more economically if made systematically. The ample revenues eliminate any need for the borrowing of money. It is only necessary to make a program of expenditure, so that each item of work shall not be "new legislation," requiring, for consideration and appropriation, the action of four or more committees of Congress and the passage of a separate act.
>
> The bill is designed to carry out this idea of establishing a program.

Evidently one purpose of this bill is to authorize the various improvements mentioned in the report, extending over a period of 12 years. I believe in liberal improvements in the District, but think that Congress should not relinquish its power to designate what improvements shall be made and the order of their importance from year to year.

Mr. SIMS. Mr. Speaker, I yield four minutes to the gentleman from Missouri [Mr. BORLAND], a Member of the District Committee.

Mr. BORLAND. Mr. Speaker, the effect of this bill is that it fastens upon the United States Congress and the District for the next 12 years the same iniquitous system of fiscal revenue that has made this District the haven for the tax dodgers for years. It is to enable the District to carry on these expenditures for permanent improvements at the expense of the people of the country. Now, in 30 years, according to the statement of the engineer commissioner, they have only reduced their indebtedness to the United States about $5,000,000. The reason why they have only reduced their indebtedness $5,000,000 is because they have found a way to increase their expenditures and dump a floating debt upon the United States and get the money advanced to them by the Federal Treasury at 2 per cent. Now they propose to have not only $30,000,000 advanced and pay that back without any interest, but to charge 50 per cent of it to the Federal Treasury. According to the words of the bill, the commissioners—

> shall provide in their estimates of appropriations for permanent work of improvements a sum not less than $1,230,000.

And are to increase that amount $100,000 every year. They are to estimate no less than $1,230,000. How much they are going to estimate depends upon how much more will be submitted to by this Congress. We are binding ourselves now for 12 years to a system of Uncle Sam paying 50 per cent of every important improvement in the District of Columbia. The time has long since come when the taxpayers living in this District ought to be put in a position where the District could easily take care of itself, if we were to undertake to tax the property in the District in any fair way. Under a Democratic Congress we will tax some of these tax dodgers and compel

them to make returns to the District of Columbia, and there will be ample revenue in the District to carry on a system of improvements without paying 50 per cent of that which belongs to the people of this Government. I hope when the District Committee is reorganized in the Sixty-second Congress that the first thing will be to tax these tax dodgers on some of the personal property they have brought here into the District which escapes taxation and that opportunity will be given to avoid the criticism in the past that the United States Government has been ready and willing to further every one of these real-estate schemes. This bill ought to be voted down until such time as they choose to bring in a bill providing for the payment of the debt the District of Columbia owes to the United States. The only good feature about this bill is it provides the only measure that has ever been introduced for the payment of the indebtedness, and I want to say right now to the credit of the gentleman who is the chairman of the subcommittee on the District of Columbia that he is the man who has insist d upon the payment of this floating debt.

The last set of commissioners rolled up a floating debt deliberately and intentionally against the Treasury of the United States, in the hope that that floating debt would be turned in bonds, and then the United States would be bound for 50 per cent of those bonds, whereas before that the District of Columbia was liable for 100 per cent of the floating debt. But the gentleman from Michigan [Mr. SMITH] has pursued the policy of compelling the District of Columbia to pay back annually a portion of that floating debt, until now it is less than $3,000,000. It ought to be all wiped out, and there is not a moral reason on earth why we should pay 50 per cent of the $10,000,000 worth of bonds. Those bonds never were issued on the credit of the United States and they are not now issued on the credit of the United States. The United States do not owe a dollar of them, and ought not to pay a dollar of this additional $20,000,000. [Applause.]

Mr. SMITH of Michigan. Mr. Speaker, how much time have I remaining?

The SPEAKER pro tempore. The gentleman from Michigan has six minutes and a half remaining.

Mr. SMITH of Michigan. I regret that anyone, even the gentleman from New York [Mr. FISH], should feel constrained to say that this bill has been changed four times in 48 hours. This is a mistake. Fortunately I hold in my hand the bill which was read by the Clerk night before last with amendments, but at that time there was so much confusion in the House it was suggested by the gentleman from Tennessee [Mr. SIMS] and others that it would be well if the chairman would print the bill as amended in the RECORD, which appeared the next morning, and is identical with the bill under consideration, except that on page 3, line 4 has been stricken out and line 5 to and including the word "purpose;" and in line 9, after the word "be," "hereafter" has been inserted, all at the request of Members who thought that we were providing for too many public improvements; and certainly, as these provisions for public improvements one after the other have been stricken out, it ought to be a matter from their standpoint of congratulation rather than of criticism and complaint.

Mr. MANN. The gentleman does not need any defense from such a charge.

Mr. SIMS. What interest does the engineer commissioner have in laying down financial plans, and so forth?

Mr. SMITH of Michigan. Simply the interests of 90,000,000 of people.

Mr. SIMS. That is not his function.

Mr. SMITH of Michigan. He is in line with his duties, I insist, and I regret that heretofore engineer commissioners in the discharge of their duty have not seen fit to do just exactly what the present engineer commissioner has done.

Mr. SIMS. He wants to raise the interest on the debt. Is that a part of the engineering scheme?

Mr. SMITH of Michigan. The gentleman from Tennessee [Mr. SIMS] has in his remarks made some grave charges. I am wondering if by so doing he intended to indict all those who have taken a very deep interest in this proposed legislation, including the former as well as the present Commissioners of the District; the 16 members of the Committee on the District of Columbia of the House, who voted for a favorable report on the bill when it carried more improvements than does the present bill; Members of both sides of the Chamber, including members of the Appropriations Committee, who have spoken in behalf of the bill, as well as others who would like to speak; Senators who likewise feel that this is wise legislation and who had hoped that it could be enacted into law during this session of Congress; the great body of citizens of the District of Columbia, as represented by the Chamber of Commerce and the Board of Trade; the four newspapers of the city, which have given the same their most cordial indorsement; and the President, who gave his hearty and emphatic indorsement in the following language:

> To this end I recommend the enactment into law of a bill now before Congress, and known as the Judson bill, which will insure the gradual extinguishment of the District's debt, while at the same time requiring that the many permanent improvements needed to complete a fitting capital city shall be carried on from year to year and at a proper rate of progress with funds derived from the rapidly increasing revenues.

There are those who feel that Washington has now all the parks that are needed, but as a matter of fact, comparing territory for territory, it will be shown that Washington has less than London, Paris, New York, or Boston, and we ought not in this connection to forget that parks in cities are not alone for the residents of those cities, but for the thousands who annually visit them and derive much pleasure and comfort in riding and walking about and through the beautiful and attractive parks that are found in the various cities of this country and in the cities of the Old World.

It is not often that in the presentation of legislation in this body that so much misunderstanding, prejudice, and misrepresentation is shown as has been exhibited in the discussion of this bill.

Gentlemen, I feel that this proposed legislation will be of such lasting benefit that I urge you one and all to vote for the same, feeling sure that as these improvements are consummated, consisting of parks and beautiful driveways encircling the city, we now and in the years to come will be proud that we had an opportunity to use our efforts in making this the most beautiful and attractive capital city in a Republic the greatest in all the world.

Mr. SIMS. Will the gentleman use the balance of his time? Is the gentleman going to use it all in one speech?

Mr. SMITH of Michigan. No, sir.

Mr. SIMS. There is only one speech on this side. I suggest the gentleman use his time.

Mr. SMITH of Michigan. I yield four minutes to the gentleman from Texas [Mr. BURLESON].

Mr. BURLESON. Mr. Speaker, it sometimes occurs that meritorious propositions of legislation are defeated because of the discovery of an imaginary "nigger in the woodpile." Some seem to think they have found one in the pending bill. I want to assure the House that this bill does not enlarge the powers of the District Commissioners in the slightest particular. On the contrary, it places a limitation upon power they now possess. And I want to say further that this bill does not change in the slightest particular the method of payment of the bonded indebtedness of the District of Columbia, one-half of which the General Government owes, but it does materially change the law with reference to the payment of the unfunded debt of the District of Columbia which is due by the District to the General Government.

When the gentleman from Michigan [Mr. GARDNER] and I came on to the subcommittee of the Committee on Appropriations, which deals with District finances, the unfunded debt of this District, which is a debt due by the District to the General Government, as I have said, and which draws only 2 per cent interest, amounted to approximately $4,000,000. The law as it then was required that this unfunded debt should be liquidated within five years' time. The District Commissioners in framing their estimates disregarded this law, and year after year instead of estimating within the anticipated receipts of the city and decreasing this debt, they disregarded the law and estimated for amounts far beyond what they should, at one time two and one-half millions of dollars in excess of the anticipated revenues, resulting, as was said by the gentleman from Missouri, in an increase of the unfunded debt instead of diminishing it as the law plainly directed should be done. We required that estimates should come within their revenues, and adopted the policy of reducing this debt, and within the last few years we have brought this indebtedness down to $2,400,000, and after the present appropriation bill, which has passed, takes effect it will amount to only $1,800,000. Under this bill this unfunded debt, instead of being increased, as has been the practice as I have shown, will be absolutely liquidated within seven years' time from this date.

Now, what else does this bill do? It places a limitation upon the power of the District Commissioners so that they can not, in making their estimates, absorb all of its revenues for current expenses. As was so forcibly said by the gentleman from Illinois [Mr. MANN], it says in plain terms to these officials, "You shall not absorb all the revenues of this District for cur-

rent expenses, by increase of salary for a favorite class here and an increase for another set there, an enlargement of this department's force here and an enlargement of this division's force there, but you shall bring your estimate down to a common-sense basis, provide for current expenses and also set apart a substantial portion of the revenue to meet what has been termed permanent or extraordinary improvements. In other words it provides for an intelligent and systematic plan for expending the District revenues.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SMITH of Michigan. Mr. Speaker, how much time have I left?

The SPEAKER pro tempore. The gentleman from Michigan has one and a half minutes remaining.

Mr. SIMS. Mr. Speaker——

Mr. BURLESON. Just one minute more. It sets apart a part of the revenues to meet what have been termed permanent improvements. If the gentleman will give me just a few minutes more I can finish.

Mr. SIMS. I can not give the gentleman any time. Yonder is the gentleman [Mr. SMITH of Michigan] who can give the gentleman time.

Mr. SMITH of Michigan. Mr. Speaker, how much time have I remaining?

The SPEAKER pro tempore. The gentleman has one and one-half minutes remaining.

Mr. SIMS. Mr. Speaker, how much time have I?

The SPEAKER pro tempore. The gentleman has four minutes.

Mr. SIMS. Now, Mr. Speaker, I want to prove to this House in one minute what is the real object of this bill. [Applause.] I propose right here and now to every gentleman supporting this bill: If you will begin, on line 15 of page 2, and strike out all the real estate part of this bill and leave every bit of the fiscal part of it in, I will vote for it and work for its passage. Will you do it? [Applause.]

No. The nigger in the woodpile is a nigger in such a little woodpile that it is all nigger and no woodpile. [Laughter and applause.] This is a $20,000,000 scheme to buy land that nobody will have, land that nobody can use, by act of Congress. Is this a good bill? Is this the best bill ever introduced in Congress, as claimed by some of its supporters? I will prove to you how good a bill it is. If this is such a good bill, why do you want to ram it through the House on a motion to suspend the rules? [Applause.] That of itself shows what it is. The bill that has been reported has been on the calendar ever since June, 1910.

Mr. SMITH of Michigan. Our committee never had a day allotted to us on which to consider it.

Mr. SIMS. I do not know why you grab up this indefensible and abominable measure and try to jam it through this House over every other bill from your committee on the calendar. [Applause.]

Mr. MANN. What is the gentleman's proposition?

Mr. SIMS. I have not time to go into particulars. I tried to get an hour or 40 minutes on each side, and that side shut down on debate on this new-born measure, which they did not want anybody to know anything about. [Laughter and applause.] Whenever a man has a good bill he is naturally anxious to take time on it and let everybody else have time.

In the closing days of the last Congress a bill similar to this was sought to be jammed through here, two years ago, on a motion to suspend the rules, and part of the identical land referred to in that bill is to be included in this nefarious scheme. [Applause.]

Mr. Speaker, I will never vote here to give to any one man, be he an engineer commissioner or the President of the United States, the power to fasten a liability of $20,000,000 on this Government for the purpose of buying a few old frog ponds, a few old ash dumps, to enable real-estate speculators of this city to do as they are now doing, as I understand, getting options on every old dump pile on the outskirts and trying to get a bill passed through this Congress in its dying hours to authorize their purchase by the Government at most extravagant prices. [Applause.]

If you think you can ram through a measure of this kind under a motion to suspend the rules, you are wrong. Let me call on all the Members of this House to think before they vote, and let me particularly call upon those Members of this House who do not want to reenter private life to think before they vote for this proposition. If you do, you will not be here very much longer. The gentleman from New York [Mr. FISH], the gentleman from Missouri [Mr. BORLAND], and the gentleman from Kentucky [Mr. JOHNSON], members of the District Committee, are fighting this bill tooth and toenail, and the bill is supported only by the chairman of the District Committee, who asserts that this is the most valuable bill that has ever been reported.

The District Committee has not reported this bill. It is true that some of the provisions contained in it have been favored by the committee, but let me say, gentlemen, if you ram this sort of thing through in this way you will ram yourselves out of public life. [Applause and cries of "Vote!" "Vote!"]

Mr. MANN. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee may be permitted to state the proposition that he made before.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that the gentleman from Tennessee be permitted to state his proposition.

Mr. SIMS. Oh, go ahead, and let us have a vote, and then bring in another bill. If it is a decent bill I will support it. [Applause.]

Mr. SMITH of Michigan. Mr. Speaker, how much time have I?

The SPEAKER pro tempore. The gentleman has one-half minute.

Mr. SMITH of Michigan. Mr. Speaker, it is a grave charge which the gentleman from Tennessee [Mr. SIMS] makes when he claims that the real-estate men of this city are behind this measure. The President of the United States, William Howard Taft, than whom no man since the days of George Washington has taken more interest in this city and its development, says——

Mr. SIMS. Are you with the President in favor of reciprocity? That is a cause in which you would do well to follow him. [Applause and laughter.]

The SPEAKER pro tempore. The question is on the motion of the gentleman from Michigan [Mr. SMITH] to suspend the rules and pass the bill as amended.

Mr. SMITH of Michigan. A division, Mr. Speaker.

Mr. SIMS. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 87, nays 151, answered "present" 7, not voting 138, as follows:

YEAS—87.

Austin	Fordney	Langham	Pickett
Barclay	Foss	Lawrence	Plumley
Bingham	Gardner, Mich.	Longworth	Pray
Boutell	Gillett	Loud	Roberts
Burke, Pa.	Graff	Loudenslager	Scott
Burleigh	Graham, Pa.	Lowden	Smith, Iowa
Burleson	Grant	McCall	Smith, Mich.
Calder	Greene	McKinley, Ill.	Snapp
Campbell	Guernsey	McLaughlin, Mich.	Sperry
Cocks, N. Y.	Hamilton	McMorran	Sterling
Cole	Hawley	Madden	Stevens, Minn.
Cooper, Wis.	Heald	Malby	Sulloway
Crumpacker	Henry, Conn.	Mann	Swasey
Currier	Higgins	Massey	Taylor, Ohio
Dalzell	Hill	Moore, Pa.	Thistlewood
Diekema	Howell, N. J.	Morgan, Okla.	Thomas, Ohio
Dodds	Hull, Iowa	Nye	Townsend
Edwards, Ky.	Humphrey, Wash.	Olcott	Washburn
Ellis	Johnson, Ohio	Olmsted	Weeks
Estopinal	Kelfer	Parker	Young, Mich.
Fassett	Kennedy, Iowa	Parsons	Young, N. Y.
Fitzgerald	Lafean	Pearre	

NAYS—151.

Adair	Dent	Havens	Lever
Aiken	Denver	Hay	Lindbergh
Alexander, Mo.	Dickinson	Heflin	Lloyd
Anderson	Dixon, Ind.	Helm	McCreary
Andrus	Draper	Henry, Tex.	McHenry
Ansberry	Driscoll, D. A.	Hinshaw	McKinney
Barnhart	Driscoll, M. E.	Hitchcock	Macon
Bartlett, Ga.	Durey	Hollingsworth	Maguire, Nebr.
Beall, Tex.	Dwight	Houston	Martin, Colo.
Boehne	Ellerbe	Howard	Martin, S. Dak.
Booher	Esch	Howland	Mays
Borland	Ferris	Hughes, Ga.	Mitchell
Brantley	Finley	Hughes, N. J.	Moon, Tenn.
Burgess	Fish	Hull, Tenn.	Morrison
Burke, S. Dak.	Floyd, Ark.	Humphreys, Miss.	Morse
Burnett	Foster, Ill.	James	Moss
Butler	Gallagher	Jamieson	Moxley
Byrns	Gardner, Mass.	Johnson, Ky.	Murphy
Candler	Garner, Tex.	Johnson, S. C.	Nelson
Carlin	Garrett	Jones	Nicholls
Cary	Gillespie	Kendall	Norris
Chapman	Glass	Kinkead, N. J.	O'Connell
Clark, Mo.	Godwin	Kitchin	Oldfield
Clayton	Good	Knowland	Padgett
Cline	Gordon	Kopp	Palmer, A. M.
Covington	Graham, Ill.	Korbly	Peters
Cox, Ind.	Gregg	Küstermann	Poindexter
Cox, Ohio	Hamlin	Lamb	Rainey
Craig	Hardwick	Latta	Randell, Tex.
Cullop	Hardy	Legare	Rauch
Davis	Harrison	Lenroot	Richardson

Riordan	Sherwood	Stephens, Tex.	Underwood
Robinson	Sims	Sulzer	Volstead
Roddenbery	Sisson	Taylor, Colo.	Watkins
Rucker, Mo.	Small	Thomas, Ky.	Webb
Shackleford	Smith, Tex.	Thomas, N. C.	Wheeler
Sheppard	Stafford	Tou Velle	Wilson, Pa.
Sherley	Stanley	Turnbull	

ANSWERED "PRESENT"—7.

Adamson	Collier	Douglas	Miller, Minn.
Bartlett, Nev.	Conry	Lee	

NOT VOTING—138.

Alexander, N. Y.	Englebright	Knapp	Reid
Ames	Fairchild	Kronmiller	Rhinock
Anthony	Flood, Va.	Langley	Rodenberg
Ashbrook	Focht	Law	Rothermel
Barchfeld	Foelker	Lindsay	Rucker, Colo.
Barnard	Fornes	Lively	Sabath
Bartholdt	Foster, Vt.	Livingston	Saunders
Bates	Fowler	Lundin	Sharp
Bell, Ga.	Fuller	McCredie	Sheffield
Bennet, N. Y.	Gaines	McDermott	Simmons
Bennett, Ky.	Gardner, N. J.	McGuire, Okla.	Slayden
Bowers	Garner, Pa.	McKinlay, Cal.	Slemp
Bradley	Gill, Md.	McLachlan, Cal.	Smith, Cal.
Broussard	Gill, Mo.	Madison	Southwick
Byrd	Goebel	Maynard	Sparkman
Calderhead	Goldfogle	Miller, Kans.	Spight
Cantrill	Goulden	Millington	Steenerson
Capron	Griest	Mondell	Sturgiss
Carter	Hamer	Moon, Pa.	Talbott
Cassidy	Hamill	Moore, Tex.	Tawney
Clark, Fla.	Hammond	Morehead	Taylor, Ala.
Cooper, Pa.	Hanna	Morgan, Mo.	Tilson
Coudrey	Haugen	Mudd	Vreeland
Cowles	Hayes	Murdock	Wallace
Cravens	Hobson	Needham	Wanger
Creager	Howell, Utah	Page	Weisse
Crow	Hubbard, Iowa	Palmer, H. W.	Wickliffe
Davidson	Hubbard, W. Va.	Patterson	Wiley
Dawson	Huff	Payne	Willett
Denby	Hughes, W. Va.	Pou	Wilson, Ill.
Dickson, Miss.	Joyce	Pratt	Wood, N. J.
Dies	Kahn	Prince	Woods, Iowa
Dupre	Keliher	Pujo	Woodyard
Edwards, Ga.	Kennedy, Ohio	Ransdell, La.	
Elvins	Kinkaid, Nebr.	Reeder	

The Clerk announced the following additional pairs:

For the session:

Mr. BRADLEY with Mr. GOULDEN.

Mr. MOREHEAD with Mr. POU.

Mr. WOODS of Iowa with Mr. COLLIER.

Until further notice:

Mr. WOODYARD with Mr. WILLETT.

Mr. VREELAND with Mr. WEISSE.

Mr. PEARRE with Mr. WICKLIFFE.

Mr. SIMMONS with Mr. SLAYDEN.

Mr. TILSON with Mr. SPIGHT.

Mr. PAYNE with Mr. SAUNDERS.

Mr. RODENBERG with Mr. SHARP.

Mr. MOON of Pennsylvania with Mr. RUCKER of Colorado.

Mr. MONDELL with Mr. RANSDELL of Louisiana.

Mr. HUBBARD of West Virginia with Mr. PUJO.

Mr. HOWELL of Utah with Mr. TAYLOR of Alabama.

Mr. GRIEST with Mr. MOORE of Texas.

Mr. GARDNER of New Jersey with Mr. MCDERMOTT.

Mr. FULLER with Mr. LIVELY.

Mr. FOSTER of Vermont with Mr. KELIHER.

Mr. FOCHT with Mr. HOBSON.

Mr. FAIRCHILD with Mr. HAMMOND.

Mr. SOUTHWICK with Mr. HAMILL.

Mr. DENBY with Mr. GILL of Maryland.

Mr. DAVIDSON with Mr. BELL of Georgia.

Mr. CREAGER with Mr. FORNES.

Mr. CASSIDY with Mr. EDWARDS of Georgia.

Mr. HENRY W. PALMER with Mr. DUPRE.

Mr. BENNET of New York with Mr. DICKSON of Mississippi.

Mr. BARNARD with Mr. SPARKMAN.

Mr. BARCHFELD with Mr. BOWERS.

Mr. ANTHONY with Mr. CANTRILL.

Mr. ALEXANDER of New York with Mr. BROUSSARD.

Mr. HANNA with Mr. LEE.

Mr. DOUGLAS with Mr. PAGE.

For the balance of the day:

Mr. MORGAN of Missouri with Mr. LIVINGSTON.

Mr. KNAPP with Mr. TALBOTT.

So (two-thirds not voting in the affirmative) the motion to suspend the rules and pass the bill was rejected.

Mr. COLLIER. Mr. Speaker, I desire to know if the gentleman from Iowa, Mr. WOODS, voted.

The SPEAKER. He did not.

Mr. COLLIER. I voted no. I would like to withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

Mr. SMITH of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

OREGON LANDS.

Mr. ELLIS. Mr. Speaker, I move to suspend the rules and pass the bill H. R. 30280, with the committee amendments.

The SPEAKER. The gentleman from Oregon moves to suspend the rules and pass the following bill, with the committee amendments. The Clerk will report the bill.

The Clerk read the bill (H. R. 30280) authorizing the Secretary of the Interior to exchange certain desert lands for lands within national forests in Oregon, with the committee amendments, as follows:

Be it enacted, etc., That the State of Oregon is hereby authorized to relinquish its selection heretofore made under the terms of the act of August 18, 1894 (28 Stats., 372), and acts amendatory and supplemental thereto of the following lands:

Section 3; east half, east half of west half, southwest quarter of southwest quarter of section 4; southwest quarter, west half of southeast quarter, southeast quarter of southeast quarter of section 5; south half of section 6; all of sections 7, 8, 9, 10, 15, 17, 18, 19, 20, 21, and 22 of township 24 south, range 33 east, Willamette meridian, containing 8,793.47 acres; and the Secretary of the Interior, upon recommendation of the Secretary of Agriculture, may issue patent to said lands in exchange for and upon reconveyance to the United States of the following lands within national forests in the State of Oregon:

All of fractional section 36, township 21 south, range 12 east; all of section 16, township 21 south, range 12 east; the southeast quarter of section 36, township 20 south, range 14 east; all of section 16, township 23 south, range 16 east; the south half of northwest quarter, the northwest quarter of northwest quarter, the northeast quarter of northeast quarter, the south half of section 16, township 28 south, range 10 east; south half of north half of section 16, township 15 south, range 31 east; northwest quarter of northwest quarter of section 16, township 17 south, range 32 east; all of section 36, township 3 south, range 47 east; all of section 16, township 19 south, range 31 east; southeast quarter of southeast quarter of section 16, east half of northeast quarter, west half of northwest quarter of section 36, township 20 south, range 33 east; all of section 16, township 3 south, range 41 east; south half and northwest quarter of section 36, township 19 south, range 32 east; north half of section 16, township 14 south, range 33 east; all of sections 16 and 36, township 7 south, range 34 east; section 16, township 8 south, range 32 east; all of section 36, township 14 south, range 35½ east; all of section 36, township 2 south, range 40 east, Willamette meridian.

Provided, That the timber or undergrowth shall not have been removed from said forest lands: *Provided further*, That upon reconveyance to the United States the lands shall become parts of the national forests in which they are situated.

The SPEAKER. Is a second demanded?

Mr. ROBINSON. I demand a second.

The SPEAKER. Under the rule, a second is ordered. The gentleman from Oregon [Mr. ELLIS] is entitled to 20 minutes and the gentleman from Arkansas [Mr. ROBINSON] to 20 minutes.

Mr. ELLIS. Mr. Speaker, I desire to say that this is a bill which proposes to exchange 8,793 acres of desert land, which has been selected under the Carey Act for reclamation, being desert lands. It is situated in the county of Malheur, southeastern Oregon, upon a high plateau, in a desert region, where there is a great scarcity of water. These parties have attempted to reclaim the land by an artesian project. They have expended a great deal of money, but thus far have not sufficient water to satisfy the State so that they could get certificate as to reclamation. Now, they desire to go on and further prosecute the artesian project and try to perfect the reclamation of the land, but it is difficult to do so within the limited time they have before the State selection will expire in 1912.

They own in fee simple 9,401 acres of timberland in the various forest reserves, which were school lands, and have been selected and bought outright by them. They have a fee simple title, which they got at an expense of about $40,000. They only desire to exchange these lands for the 8,793 acres of the Government, and the Government give them a title to the desert lands in lieu of the several tracts of lands described in the report, and all within forest reserves.

The lands are not now a part of the forest reserve, but they are within the reserves and belong to individuals. By the amendment of the committee attached to this bill it is provided that if this exchange takes place it immediately becomes a part of the forest reserve. No part of this land has been cut over, and it is as it was originally.

Mr. ROBINSON. Will the gentleman yield?

Mr. ELLIS. Certainly.

Mr. ROBINSON. It is true that the Government will acquire a larger area of land by this exchange than it gives?

Mr. ELLIS. Over 600 acres.

Mr. ROBINSON. The character of the land is desert land of a potential timber value?

Mr. ELLIS. Yes.

Mr. ROBINSON. What is "a potential timber value?"

Mr. ELLIS. The report states that the potential timber value is what it will bring for pasturage by leasing it to the stockmen in the vicinity or by the sale of matured timber they can

sell from it. The amount of timber is estimated in the report, and runs as high as $2.50 to $5 and gives the number of thousand feet of board measure per acre. It is the purpose to preserve it with other timber in the forest reserve.

Mr. ROBINSON. The district forester seems to think that the Government gets the better of the transfer in this proposed legislation.

Mr. ELLIS. He says the Government gets the better of the trade if the lands we get in return are desert lands. There can be no question about that. I know the lands that the people are seeking to reclaim, and they will not produce anything until water can be put upon them. If they can make a success of it, the lands will become valuable, but not as valuable as some in a latitude not so high.

But it is their purpose to try to reclaim it in small tracts of 160 acres by artesian water and sell that off in smaller tracts, and go on until they can reclaim the entire tract. They are not able to finance the matter and reclaim the entire 8,000 acres by this system.

Mr. ROBINSON. The lands which the Government is to acquire by this proposed legislation are lands now in private ownership within forest reserves.

Mr. ELLIS. Yes; they are in private ownership within forest reserves. They will pass from private ownership into the ownership of the Government, and, instead of being as they are now, they would then be subject to all the laws of the Government pertaining to forest reserves and under the direct supervision of the Government. They are not at this time.

Mr. HITCHCOCK. What is the approximate value of these lands now owned by the private individuals within forest reserves?

Mr. ELLIS. They cost something over $40,000. The estimate, I think, of the forester is—their value—$45,000.

Mr. HITCHCOCK. That is the present value?

Mr. ELLIS. Yes.

Mr. HITCHCOCK. Is that valued for timber purposes or agricultural?

Mr. ELLIS. Largely timber and pasture; not very much for agriculture.

Mr. HITCHCOCK. And they propose to trade that land for some desert land?

Mr. ELLIS. Yes.

Mr. HITCHCOCK. What is the value of the desert land?

Mr. ELLIS. That is largely speculative. Unless these people can get artesian water and reclaim it, it is valueless.

Mr. HITCHCOCK. What is the possible motive that inspires private individuals to want to trade $40,000 worth of property for property of questionable value?

Mr. ELLIS. They feel hopeful that they can reclaim this land. They can interest additional capital in the project if they can control it; but as it is to-day, not having control over it and being unable to assure them they can go on to completion of these projects, they can not interest anyone in it. Therefore they are unable to finance the thing.

Mr. HITCHCOCK. They are already interested in the land they desire to procure?

Mr. ELLIS. Oh, yes; the Government has already turned it over to the State, and they have until June, 1912, to handle it as it now exists.

Mr. HITCHCOCK. If they succeed in irrigating the land, it will be of much greater value than the land they are relinquishing?

Mr. ELLIS. Yes; it would be of some greater value; but, of course, that is speculative. They may never be able to reclaim it or they may reclaim only a part of it. If they should happen to get artesian water, it would be all right. They have spent a great deal of money——

Mr. LONGWORTH. How much money have they expended on it?

Mr. ELLIS. Several thousand dollars. I am unable to state the exact amount.

Mr. ROBINSON. Are any of the lands the Government proposes to exchange for these lands mineral in character?

Mr. ELLIS. No.

Mr. ROBINSON. Mr. Speaker, I do not desire to consume the time allotted to me in the consideration of this bill. I know of no objection to the passage of this legislation. The bill is unanimously reported by the Committee on the Public Lands, and I believe that the measure should pass, and unless some gentleman on this side of the House or on the other desires time, I shall consume no further time.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

CONSTITUTION OF NEW MEXICO.

Mr. HAMILTON. Mr. Speaker, I move to suspend the rules and pass House joint resolution 295, approving the constitution formed by the constitutional convention of the Territory of New Mexico, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, etc., That the constitution formed by the constitutional convention of the Territory of New Mexico, elected in accordance with the terms of the act of Congress entitled "An act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union on an equal footing with the original States, etc.," approved June 20, A. D. 1910, which said constitutional convention met at Santa Fe, N. Mex., on the 3d day of October, A. D. 1910, and adjourned November 21, A. D. 1910, and which constitution was subsequently ratified and adopted by the duly qualified electors of the Territory of New Mexico, at an election held according to law, on the 21st day of January, A. D. 1911, being republican in form, and not repugnant to the Constitution of the United States and the principles of the Declaration of Independence, and complying with the terms of said enabling act, be, and the same is hereby, approved, subject to the terms and conditions of the joint resolution entitled "Joint resolution reaffirming the boundary line between Texas and the Territory of New Mexico," approved on the 16th day of February, A. D. 1911.

The SPEAKER. Is a second demanded? Is any gentleman opposed to the resolution?

Mr. LLOYD. Mr. Speaker, if anyone here is opposed to the measure, I will not demand a second myself, otherwise I want to demand a second.

The SPEAKER. No one opposed to the bill demanding a second, the gentleman from Missouri will be recognized to demand a second and a second under the rule is ordered. The gentleman from Michigan is entitled to 20 minutes and the gentleman from Missouri is entitled to 20 minutes.

Mr. HAMILTON. Gentlemen will remember that in the last session of Congress, on June 20, we passed an enabling act to permit the people of New Mexico to adopt a constitution and become a State. That enabling act also permitted the people of Arizona to adopt a constitution and become a State, but the Arizona constitution has not yet arrived. By the terms of the enabling act we provided for the election of delegates to a constitutional convention and empowered them to frame a constitution. We provided also for the ratification of the constitution or the nonratification of the constitution. On the 21st day of January of this year a vote was taken upon the constitution as adopted by the constitutional convention provided for in the enabling act, and the constitution was ratified by a majority of something over 18,000. By the terms of the enabling act we provided that the election should be confined to an election for the ratification of the constitution, so that no other question should be submitted to the people. We provided that if the constitution should be republican in form, not in conflict with the Declaration of Independence, and should conform to the terms of the enabling act, it might be submitted to Congress and to the President, and if Congress should approve and the President should approve, then, upon notice by the President to the governor of the Territory, an election of State officers might be held. On the 24th day of February just passed the President by a message to Congress approved of this constitution. The constitution came to the House, was referred to the Committee on the Territories. That committee has gone over it and finds it to be republican in form, not in conflict with the Declaration of Independence, and in conformity with the enabling act, and therefore has reported in favor of the approval of the constitution by Congress.

Mr. MARTIN of Colorado. Will the gentleman permit me to ask him a question there?

Mr. HAMILTON. Yes.

Mr. MARTIN of Colorado. Does the gentleman from Michigan understand that the approval of Congress is necessary——

Mr. HAMILTON. To the constitution?

Mr. MARTIN of Colorado. Does the gentleman understand that the approval of Congress is necessary to complete the admission of New Mexico as a State?

Mr. HAMILTON. There was an alternative proposition, if Congress should not disapprove and the President should approve, but it is necessary that this constitution should be approved if we do not mean to let it pass over into the next session of Congress.

Mr. MARTIN of Colorado. I will say to the gentleman my understanding of the language in section 4 of the enabling act is this: That while the approval of the President is necessary, the approval of Congress is not, and that it would take the disapproval of Congress to nullify the approval of the President.

Mr. HAMILTON. The provision, giving a free translation of it to the gentleman from Colorado, as I recall it, is that if Con-

gress shall approve and the President shall approve, upon notice by the President to the governor the election of State and other officers shall be had, or if the Congress shall not disapprove during the next regular session and the President shall approve, then upon notice by the President to the governor an election of State and other officers shall occur.

Mr. MARTIN of Colorado. When is that session, this one?

Mr. HAMILTON. I think not; therefore I think it is necessary it should be approved.

Mr. MARTIN of Colorado. Your understanding is this: That if this Congress should fail to approve the New Mexico constitution, the next Congress would have the entire session in which to act in the way of disapproval?

Mr. HAMILTON. That is substantially it.

Mr. MARTIN of Colorado. So that the constitution would not become operative until the entire next session of Congress had expired in the event the next session did not take any action.

Mr. HAMILTON. And I understand the Attorney General's opinion is in conformity——

Mr. JAMES. Will the gentleman yield for a question? In the report of the committee upon the question of the acceptance of their constitution you do not undertake to pass upon the question of liking or disliking the constitution.

Mr. HAMILTON. No.

Mr. JAMES. But you merely pass upon the question as to whether or not the Constitution is republican in form and complies with the enabling act.

Mr. HAMILTON. Precisely.

Mr. JAMES. So that is the precedent to be established here by the passage of this bill?

Mr. HAMILTON. So far as this constitutes a precedent, it is.

Mr. JAMES. It would certainly constitute a precedent coming from the gentleman's committee with a unanimous report.

Mr. HAMILTON. It is a unanimous report.

Mr. JAMES. And the precedent would be that Congress had no right to pass upon the constitution as to whether they like or dislike its provisions, but only the right to reject it upon the ground that it was not republican in form, or that it violated the provisions of the enabling act.

Mr. MANN. Is the gentleman from Kentucky trying to interject a partisan proposition in this for the purpose of passing the resolution or defeating the resolution?

Mr. JAMES. No, sir. I am trying to interject the constitutional right of the admission of States to the Union in the debate that may be called to the mind of the gentlemen on the other side at a later day. If the gentleman from Illinois can tell me some political question that was suggested by the question I asked, I would like to know what it is.

Mr. MANN. I thought the gentleman plainly was aiming at a partisan question.

Mr. JAMES. Not at all.

Mr. MANN. Then I am sorry I attributed motives to the gentleman which he did not have.

Mr. JAMES. I merely suggested a question of whether or not the people who have made a constitution could have it rejected simply because the people who had to pass upon it did not like it.

Mr. HAMILTON. I take it the gentleman from Kentucky [Mr. JAMES] has no ulterior motive.

Mr. JAMES. I take it that the gentleman from Illinois [Mr. MANN] would think that I was suggesting something political if I suggested that the people had a right to have something to say.

Mr. MANN. The Republican Party believes that the people have something to say.

Mr. JAMES. There are some elements of the gentleman's party that believe the people have something to say in a sort of a way.

Mr. MANN. When the gentleman from Kentucky assumes that he holds the people in his hands, it is likely to be partisan.

Mr. JAMES. Oh, my hands are not large enough to hold the people, nor are the gentleman's.

Mr. KEIFER. This colloquy that has been going on would indicate that there was action taken by your committee that looked as though you could not reject the constitution by reason of certain things in it. Did the committee pass upon that question?

Mr. HAMILTON. The committee found nothing in this constitution that would warrant it in rejecting the constitution.

Mr. KEIFER. They recognized the right to look into it, did they not?

Mr. HAMILTON. Undoubtedly, and that was the purpose for which that clause was put into the enabling act.

Mr. KEIFER. Has it not been the case all along, through the history of the admission of the States, especially back in the days of Kansas and Nebraska, that the Congress of the United States has passed on constitutions and determined whether they would admit the States or not?

Mr. HAMILTON. Certainly. In the case of Missouri, in the case of Nebraska, and in the case of Michigan, for illustration.

Mr. MARTIN of Colorado. Would the gentleman permit a further interruption?

Mr. HAMILTON. Yes.

Mr. MARTIN of Colorado. While I agree with the answers of the gentleman from Michigan——

Mr. HAMILTON. I want to say this to the gentleman from Colorado that, while I want to answer all inquiries, there is one other matter that is rather important that I wish to call the attention of the House before I sit down, and I want to yield a little time to some other members of the committee.

Mr. MARTIN of Colorado. I want to say that, while I agree with the answers of the gentleman from Michigan as to these provisos in the enabling act, I feel inclined to criticize the character of the provisos themselves, because under conditions that are quickly to ensue in Congress I believe that the matter of the approval of the Arizona constitution will be left wholly with the President, and that Congress will be virtually powerless in the matter.

Mr. HAMILTON. That is possible. I can see conditions, I will say to the gentleman from Colorado, where that might be possible, but that provision in the enabling act was intended in the broadest way to give to Congress a power which I think it has never exercised before in connection with the admission of States.

Mr. MARTIN of Colorado. And that is the power of disapproval?

Mr. HAMILTON. That is the power of disapproval. Heretofore the constitution was submitted to the President of the United States, and if he, the President of the United States, found the constitution to be republican in form, not in conflict with the Declaration of Independence, and in conformity with the enabling act, he had the power to approve that constitution.

Mr. SULZER. Mr. Speaker, I would like to ask the gentleman a question.

The SPEAKER. Does the gentleman yield?

Mr. HAMILTON. Certainly.

Mr. SULZER. The passage of this act admits New Mexico as a State?

Mr. HAMILTON. Yes; that is to say, it is an essential step toward admission.

Mr. SULZER. I understand that President Taft has already approved the constitution of New Mexico?

Mr. HAMILTON. Yes; by message to Congress.

Mr. SULZER. Exactly. Now, why not admit the Territory of Arizona at the same time. Is there any reason for not doing that?

Mr. HAMILTON. We can not act upon the Arizona constitution because the constitution of Arizona has not arrived. That is a very good reason.

Mr. SULZER. The gentleman does not know of any reason why there would be any objection to the admission of Arizona?

Mr. HAMILTON. I have not had an opportunity to read the constitution of Arizona. Of course the gentleman from New York would not expect me to pass upon the provisions of that constitution without having seen it.

Mr. SULZER. I was indulging the hope that both of these Territories would come in at the same time, inasmuch as the enabling acts were passed at the same time.

Mr. HAMILTON. I will say to the gentleman from New York—and I think he knows the history of my service in that connection—that for several years I have been in my service here in Congress an earnest friend of both of those Territories and have desired statehood for them. But the constitution of Arizona has not yet arrived.

Mr. SULZER. I know that the gentleman from Michigan has done everything he could to promote legislation to admit these Territories, and that is the reason why I was making these inquiries, to find out why it was that we are now passing

this legislation to admit New Mexico and not passing legislation also to admit Arizona.

Mr. HAMILTON. There is no discrimination. It is simply because the constitution of Arizona has not yet arrived. We have not yet been called upon to act upon it. The constitution of New Mexico was referred to the committee for action. The constitution of Arizona has not arrived, and we have no jurisdiction, therefore.

Mr. SULZER. Of course that is a good reason.

Mr. COOPER of Wisconsin. I would like to ask the gentleman from Michigan this question, prompted by the answer of the gentleman from Michigan to the question of the gentleman from Colorado [Mr. MARTIN]: Did I understand the gentleman from Michigan to say that it was left optional with the President of the United States to admit or not admit?

Mr. HAMILTON. Oh, no. I said that in the enabling act we had provided that if the Congress shall approve and the President shall approve, then the President shall notify the governor of the Territory, whereupon the governor of the Territory shall proceed to call an election of State officers. But if Congress shall not disapprove during the next regular session of Congress and the President shall approve, then the same proceeding is to be gone through.

Mr. COOPER of Wisconsin. Was not the question of the gentleman from Colorado as to whether the President approved or did not approve the constitution of Arizona?

Mr. HAMILTON. I know the gentleman from Colorado asked me whether Congress had the power to approve or disapprove. That is my recollection.

Mr. MARTIN of Colorado. My proposition is that Congress has only the power of disapproval.

Mr. COOPER of Wisconsin. The language of the Constitution is that "new States may be admitted by the Congress into the Union." I could not see how, if Congress approved, the President himself could prevent a State from coming into the Union.

Mr. HAMILTON. I think myself that the terms of the enabling act are so plain and unmistakable that no misunderstanding is possible.

The SPEAKER. The time of the gentleman has expired.

Mr. MARTIN of Colorado. Mr. Speaker, I request that the gentleman from Michigan be given 10 minutes in addition to the time he has already had. I desire to ask the gentleman a question. I ask unanimous consent that the gentleman from Michigan [Mr. HAMILTON] be given 10 minutes more.

Mr. LLOYD. Mr. Speaker, I yield five minutes to the gentleman from Michigan.

Mr. HAMILTON. Let me make a suggestion to the gentleman from Colorado, that he ask the gentleman from Missouri [Mr. LLOYD] for a little time, so that I can make a statement to the House about an important matter that I have not had opportunity to touch upon. Some of the Members of the House, and perhaps all, have known that there was a controversy between the State of Texas and the Territory of New Mexico about a boundary. Some years ago, in 1859, a survey was run known as the Clarke survey, beginning at the northeast corner of New Mexico, at the intersection of the one hundred and third meridian and the thirty-seventh parallel, running thence south to latitude 36.30, thence jogging westerly, and then running south, parallel to the one hundred and third meridian, to the thirty-second parallel, and thence running west to the Rio Grande. Legislation has been had from time to time confirming that so-called Clarke survey. Finally the people of New Mexico, under the terms of this enabling act, through their constitutional convention, adopted this constitution. It was then found that they had made a mistake in their boundary, making their eastern boundary the one hundred and third meridian. Thereupon, on the 16th day of November—it is important that Members should get the sequence of events here—a joint resolution was passed by Congress and approved by the President, declaring the Clarke survey to be the proper boundary line between New Mexico and Texas, and declaring that any boundary which differed from that should not be the true boundary. The gentleman from Texas [Mr. STEPHENS] recollects the facts very well. I have stated the gist of it, have I not?

Mr. STEPHENS of Texas. That is correct; and in 1891 Congress also confirmed the Clark line.

Mr. HAMILTON. I so stated, only I did not give the year.

Mr. STEPHENS of Texas. And the State of Texas in 1892 confirmed it.

Mr. HAMILTON. That is true.

Mr. STEPHENS of Texas. And the Texas State government had patented up to this line.

Mr. HAMILTON. Now, the purpose of this statement is to call attention to a clause which we have incorporated in this joint resolution of approval, to wit, that we approve of the constitution of New Mexico, subject to the terms and conditions of the joint resolution of February 16, 1911, on the theory that some one in the future might possibly say that, notwithstanding the fact that Congress had defined the boundaries of New Mexico in the joint resolution of February 16, 1911, yet by the terms of this joint resolution of approval we had superseded the joint resolution of February 16, 1911. In order to save all question as to that boundary for all time to come we put into this enabling act the statement that we approved this constitution, subject to the terms and conditions of the joint resolution of February 16, 1911.

Mr. STEPHENS of Texas. That is entirely satisfactory to the State of Texas, and also not in conflict with the act passed this year and the one passed in 1892.

Mr. HAMILTON. It is exactly in conformity with it.

Mr. STEPHENS of Texas. It carries out the wishes of the State of Texas.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. HAMILTON. I wanted to yield a little time to the gentleman from Ohio [Mr. COLE].

Mr. COLE. I have made arrangements with the gentleman from Missouri [Mr. LLOYD].

Mr. LLOYD. Mr. Speaker, the people of the United States have from time to time shown a disposition to want New Mexico and Arizona to become States of the American Union. There has been very much difficulty in securing proper recognition of those two Territories. In the last Congress an enabling act was passed which gave statehood under proper conditions to both of these Territories. New Mexico has had its convention and has adopted its constitution. Following the adoption of that constitution it was ratified by the people by a very decided vote. At the election that was held on the 21st day of January there were about 46,000 votes cast, and at that election there was a majority in favor of the constitution of nearly 19,000. So that nearly two-thirds of the votes cast were cast in favor of the constitution.

It is the duty of Congress, as I understand it, to determine whether the constitution which the people have adopted, and the constitution which has been ratified by them at the polls, is republican in form. The Committee on Territories has very carefully investigated this instrument, and while there are provisions in the instrument that I would not put in it, and there are other provisions which I would put in it, if I was fixing that constitution, my judgment is, and that is the judgment of the committee, that the only thing upon which we are to pass is to determine whether this constitution is republican in form, and whether it complies with the provisions of the enabling act.

Mr. HOBSON. Will the gentleman yield?

Mr. LLOYD. I will.

Mr. HOBSON. I have just now received the printed hearings before the committee They have not been available before, and I have not been able to get them, although I have been after them for several days since my attention was called to this matter. I do not think that any of the Members have had them.

Mr. LLOYD. That is true; they were not published until yesterday; they were not available for distribution until this morning.

Mr. HOBSON. Would there be any objection to postponing the consideration of this measure until to-morrow?

Mr. LLOYD. It is very necessary that this bill should be passed now in order that the Senate may take action on it before the adjournment of Congress.

Mr. HOBSON. Could not the Senate act independently of the House?

Mr. LLOYD. No, sir. Gentlemen will observe that these hearings comprise a large book. The committee has given unusual consideration to the matter. There has been some objection to this constitution. The objection came from the Anti-Saloon League and from some other individuals who made objections on the ground that the election was not properly conducted, and that on the day of the election the saloons in some places were open in violation of the statute of that Territory.

Mr. HOBSON. Have those matters been investigated?

Mr. LLOYD. We very carefully investigated in the limited time we had, and if the gentleman will examine the hearings he will ascertain that there are affidavits from every county in the Territory of New Mexico—one or more in most cases,

and as many as 25 affidavits in some cases—to the effect that the election was properly conducted, that the ballots were properly distributed, and that there was peace and order, and that everyone had an opportunity to vote in accordance with his conviction.

My own judgment is, from a careful investigation of the testimony, that there were some places where the saloons were open on that day in violation of the Territorial law, but on the other hand I do not think that because a saloon may happen to be open in violation of the law that that fact alone vitiates the election.

Mr. ALEXANDER of Missouri. Will the gentleman yield?

Mr. LLOYD. Certainly.

Mr. ALEXANDER of Missouri. Was there testimony before your committee to the effect that individuals were not permitted to vote?

Mr. LLOYD. No, sir; there was only one instance, as far as I remember it, where an individual was not permitted to vote. One individual testified that he went to the polling place and asked for a ballot. He asked for a ballot aganst the constitution. He was informed that there were no ballots there against the constitution. He says he then said, "Give me one in favor of it, and I will scratch out the word 'for' and write the word 'against,'" and he was notified by the judge that that would not be legal. He then said, "I will write my ballot," and they said that a written ballot was in violation of the law. [Laughter.] That is the one instance where the law was not properly executed.

Mr. ROBINSON. That would not change the result, would it?

Mr. LLOYD. No; it would not change the result. Now, there is another objection urged to the election, and that is that the largest vote that was ever polled in the Territory was about 57,000 votes. At this election there were a little over 45,000 votes, so that 12,000 of the 57,000 did not vote; but it is a fact that if the vote of every one of the absent voters were counted, and counted against the adoption of the constitution, there would then be a majority of over 7,000 votes in favor of the adoption of the constitution.

Mr. ROBINSON. The vote in support of the constitution was more than a majority of the whole vote?

Mr. LLOYD. Yes. I now yield three minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado rose.

Mr. STANLEY. Mr. Speaker, before the gentleman from Colorado begins, I desire to make one suggestion, and that is that this Congress is interested, I assume, in something about the nature of this constitution, and not about any breaches of the peace that were committed on the day the constitution was adopted. I think we would like to hear something on that subject.

Mr. MARTIN of Colorado. Mr. Speaker, I have not anything whatever to offer either upon the constitution or the happenings on the day of election when it was ratified by the people of New Mexico, but it seems to me, under the terms of the enabling act, that this action on the part of the House is a sort of empty ceremony, and that really, aside from the question of delay, in the long run it makes no difference to the people of New Mexico whether we approve or disapprove of their constitution. I will say frankly that I had hoped there would be some way in which we could tie together the admission of New Mexico and Arizona as States of the Union, because, as Members all know, it has been reported in the public press that because of certain so-called radical provisions in the constitution of Arizona the President will not approve that instrument when it comes up to him for approval. I looked into the enabling act to ascertain whether it was possible for Congress to tie those two States together and make the approval of the constitution of one of them by Congress a condition precedent to the approval of the other, so that they would stand on the same basis and both be admitted or refused admission together. But I find that after the President approves these constitutions he submits them to Congress, and if Congress fails to approve, the constitution becomes effective, as though Congress approved.

Now, that would create this situation. Suppose this Congress failed to approve this constitution. Suppose this vote to-day were to be adverse, and it sent this constitution over to the next Congress, at which time that of Arizona would have arrived. We would have the control of the House of Representatives in one political party and of the Senate in the other political party, and this House might approve the Arizona constitution and disapprove that of New Mexico, and its entire action would be a nullity and the session would go by, for the Senate might take the other position, approve the New Mexico constitution and disapprove that of Arizona. So Congress would virtually take no action whatever. It would take the action of both Houses to effect a disapproval, and the consequence is that under the conditions that have been brought about in Congress politically, the final say in this matter is in the hands of the President, and the apparent power conferred upon Congress is a mere empty ceremony.

Mr. JAMES. Mr. Speaker, I think this debate has demonstrated one fact that will be of some value to us hereafter when we come to pass upon the constitutions of other States, and that is that the unanimous report of this committee made by the chairman, the gentleman from Michigan [Mr. HAMILTON], has established this well-settled doctrine which we hope will guide the House hereafter, and that is this: The first thing we are to inquire, when we pass on the constitution of a State we have admitted into the Union, Is it the will of the people; second, is it in conformity with the enabling act; and, third, is it republican in form? When these three things are established in the affirmative, the power of Congress is at an end. Congress has no power, nor has the President any power, to say that he will reject a constitution or for us to say that we will reject a constitution, simply because if we had been making that constitution we would not have put into it the provisions that are contained there. This is a republican form of government. It is grounded upon the bedrock of popular will, and when the people make their constitution you have no right to keep a State out of the Union because that constitution contains, for instance, the initiative and referendum, or the recall system, or the Oregon plan of electing United States Senators, or some other provision you may not like. You are brought up to the sole and lone proposition, first, is it republican in form; second, is it in conformity with the provisions of the enabling act; third, is it the will of the people? If these things are established, then the power of Congress is at an end and the power of the President is at an end. Under our Constitution neither Congress nor the President has the power to make constitutions for States admitted to the Union; the people of the States themselves do that, and this thing of trying to scare or sandbag States into suppressing the popular will, or making an unprogressive constitution, by saying Congress will not approve it or the President will not approve it if you do, does not meet my approval nor that of this House nor the country. [Applause.] These new States ought to profit by the mistakes of the old ones and write the remedy in their constitutions.

So far as I am individually concerned, I should have been glad if Arizona and New Mexico both might have had their constitutions passed on by Congress at the same time, so that we might have an example of some gentleman opposing one constitution because it is too republican or democratic in form and upholding another constitution because it is not so republican in form. But Arizona's constitution, we are told, is not here. I am informed that it was adopted by a vote of 3 to 1. I do not know whether I would have supported that constitution or all the provisions contained in it if I had been in that convention—I have not had the time to examine it thoroughly—but one thing I do know and that is it is the will of that people, and if it is the will of the people of Arizona and conforms to these provisions that I have enumerated the duty of Congress is plain and that is to admit the State into the sisterhood of States of this great Republic. [Applause.] The constitution of New Mexico, conforming to the three propositions I have set forth, and which the committee unanimously agrees is the sum total of the power of Congress when passing upon the constitution of States to become a part of our great Union, I am going to support this bill to accept their constitution, for it is their will, being republican in form and in conformity with the enabling act. I do not know whether or not this election was fair. I am willing to take the word of my colleague from Missouri [Mr. LLOYD] and the members of the committee, who have so thoroughly examined into that question, that the election was fair. [Applause.]

I am willing to trust the people who make their own laws; they are just, they are honest, they bear the burdens of supporting the State, they defend it in an hour of peril; if they make a mistake, they are those who suffer and therefore quick to remedy it. [Loud applause.]

Mr. LLOYD. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. COLE].

The SPEAKER. The gentleman has but three minutes.

Mr. LLOYD. I yield that to the gentleman from Ohio [Mr. COLE].

[Mr. COLE addressed the House. See Appendix.]

The question was taken; and, in the opinion of the Chair, two-thirds having voted therefor, the joint resolution was passed.

ALLOWANCE FOR LOSS OF DISTILLED SPIRITS DEPOSITED IN INTERNAL-REVENUE WAREHOUSES.

Mr. DALZELL. Mr. Speaker, I call up the privileged bill, the bill H. R. 29466.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 29466) to provide an allowance for loss of distilled spirits deposited in internal-revenue warehouses.

Mr. DALZELL. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The Clerk proceeded with the first reading of the bill.

Mr. DALZELL. Mr. Speaker, this bill is made up largely of figures. Therefore, I ask unanimous consent that the first reading of the bill be dispensed with.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The bill will be read under the five-minute rule.

The Clerk read as follows:

A bill (H. R. 29466) to provide an allowance for loss of distilled spirits deposited in internal-revenue warehouses.

Be it enacted, etc., That the distiller of any distilled spirits which shall be on deposit on the 1st day of July, 1911, or which may thereafter be deposited in any distillery warehouse or special or general bonded warehouse existing under the internal-revenue laws of the United States, may, prior to the expiration of eight years from the date of original gauge as to fruit brandy, or original entry as to all other spirits, file with the collector a notice giving a description of the packages containing the spirits, and request a regauge of the same, for the purpose of tax payment of such spirits. If upon such regauging it shall appear that there has been a loss of distilled spirits from any cask or package, without the fault or negligence of the distiller thereof, taxes shall be collected only on the quantity of distilled spirits contained in such cask or package at the time of the withdrawal thereof from the distillery warehouse or other bonded warehouse: *Provided, however*, That the allowance which shall be made for such loss of spirits as aforesaid shall not exceed 1 proof gallon for 1 month or part thereof; 1½ gallons for 2 months; 2 gallons for 3 months; 2½ gallons for 4 months; 3 gallons for 5 and 6 months; 3½ gallons for 7 and 8 months; 4 gallons for 9 and 10 months; 4½ gallons for 11 and 12 months; 5 gallons for 13, 14, and 15 months; 5½ gallons for 16, 17, and 18 months; 6 gallons for 19, 20, and 21 months; 6½ gallons for 22, 23, and 24 months; 7 gallons for 25, 26, and 27 months; 7½ gallons for 28, 29, and 30 months; 8 gallons for 31, 32, and 33 months; 8½ gallons for 34, 35, and 36 months; 9 gallons for 37, 38, and 39 months; 9½ gallons for 40, 41, and 42 months; 10 gallons for 43, 44, and 45 months; 10½ gallons for 46, 47, and 48 months; 11 gallons for 49, 50, 51, and 52 months; 11½ gallons for 53, 54, 55, and 56 months; 12 gallons for 57, 58, 59, and 60 months; 12½ gallons for 61, 62, 63, and 64 months; 13 gallons for 65, 66, 67, and 68 months; 13½ gallons for 69, 70, 71, and 72 months; 14 gallons for 73, 74, 75, 76, 77, and 78 months; 14½ gallons for 79, 80, 81, 82, 83, and 84 months; 15 gallons for 85, 86, 87, 88, 89, and 90 months; 15½ gallons for 91, 92, 93, 94, 95, and 96 months: *And provided further*, That taxes shall be collected on the quantity contained in each cask or package as shown by the original gauge where the distiller does not request a regauge before the expiration of eight years from the date of original entry or gauge: *And provided also*, That the foregoing allowance of loss shall apply only to casks or packages of a capacity of 40 or more wine gallons, and that the allowance for loss on casks or packages of less capacity than 40 gallons shall not exceed one-half the amount allowed on said 40-gallon cask or package; but no allowance shall be made on casks or packages of less capacity than 20 gallons: *And provided further*, That the proof of such distilled spirits shall not in any case be computed at the time of withdrawal at less than 100 per cent.

SEC. 2. That section 50 of the act of August 28, 1894, entitled "An act to reduce taxation, to provide revenue for the support of the Government, and for other purposes," section 1 of the act of March 3, 1899, entitled "An act to amend the internal-revenue laws relating to distilled spirits, and for other purposes," and the act of January 13, 1903, entitled "An act to amend the internal-revenue laws," be, and the same are hereby, repealed from and after the 1st day of July, 1911.

Also the following committee amendments were read:

On page 4, line 8, strike out "eighth" and insert "seventh."
On page 4, line 9, strike out "support of the."

Mr. DALZELL. Mr. Speaker, I ask for the vote on the amendments.

The question was taken, and the amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

AUTOMOBILE LICENSES.

Mr. BARTLETT of Georgia, from the Committee on Interstate and Foreign Commerce, presented the views of the minority (H. Rept. No. 2270, pt. 2) on the bill (H. R. 32570) providing for the licensing of automobiles, etc., for printing under the rules.

ANNUITIES TO SIOUX INDIANS, ETC.

Mr. BURKE of South Dakota. Mr. Speaker, I move to suspend the rules and pass the bill (S. 5121) with an amendment.

The SPEAKER. The gentleman from South Dakota moves to suspend the rules and pass the bill (S. 5121), which the Clerk will report.

The Clerk read as follows:

A bill (S. 5121) for the restoration of annuities to the Medawakanton and Wahpakoota (Santee) Sioux Indians, declared forfeited by the act of February 16, 1863.

The SPEAKER. Without objection, the substitute, with an amendment, will be read in lieu of the bill.

There was no objection.

The Clerk read as follows:

Strike out all after the enacting clause and insert:

"That jurisdiction be, and hereby is, conferred upon the Court of Claims to hear, determine, and render final judgment for any balance that may be found due the Medawakanton and Wahpakoota bands of Sioux Indians, otherwise known as Santee Sioux Indians, with right of appeal as in other cases, for any annuities that may be ascertained to be due to the said bands of Indians under and by virtue of the treaties between said bands and the United States, dated September 29, 1837 (7 Stat. L., p. 538), and August 5, 1851 (10 Stat. L., p. 954), as if the act of forfeiture of the annuities of said bands, approved February 16, 1863, had not been passed: *Provided*, That the court, in rendering judgment, shall ascertain and include therein the amount of accrued annuities under the treaty of September 29, 1837, up to the date of the passage of this act, and shall determine and include the present value of the same, not including interest, and the capital sum of said annuity, which shall be in lieu of said perpetual annuity granted in said treaty; and to ascertain and set off against any amount found due under said treaties all moneys paid to said Indians or expended for their benefit by the Government of the United States since the treaties were abrogated by the act of 1863, except such amounts as have been paid them for an otherwise adequate consideration. Upon the rendition of such judgment and in conformity therewith the Secretary of the Interior is hereby directed to ascertain and determine which of said Indians now living took part in said outbreak, and to prepare a roll of the persons entitled to share in said judgment by placing thereon the names of all living members of said bands residing in the United States at the time of the passage of this act, excluding therefrom only the names of those found to have personally participated in the outbreak; and he is directed to distribute the proceeds of such judgment, except as hereinafter provided, per capita, to the persons borne on the said roll.

"Proceedings shall be commenced by petition, verified by the attorney to be employed by said bands of Indians to prosecute their claims under this act under contract to be approved by the Commissioner of Indian Affairs and the Secretary of the Interior, as provided by law, upon information and belief as to the existence of the facts stated in said petition and no other verification shall be necessary. Upon final determination of the cause the Court of Claims shall decree such fees as the court shall find to be reasonable upon a quantum meruit for services performed or to be performed, to be paid to the attorney or attorneys employed by the said band of Indians, and the same shall be paid out of the balance found to be due said bands of Indians, when an appropriation therefor shall have been made by Congress: *Provided*, That in no case shall the fees decreed by the court amount in the aggregate to more than 10 per cent of the amount of the judgment recovered, and in no event shall the aggregate amount exceed $25,000: *Provided further*, That the court shall by its decree distribute such fees equitably between the attorneys who have been or who may hereafter be employed by said bands of Indians in said cause."

Also the following amendment was read:

Page 5, line 21, strike out the word "said" and insert the words "the Sioux," and in the same line, after the word "outbreak" insert "of 1862."

The SPEAKER. Is a second demanded?

Mr. STEPHENS of Texas. Mr. Speaker, I demand a second.

The SPEAKER. Without objection a second will be considered as ordered. [After a pause.] The Chair hears no objection. The gentleman from South Dakota [Mr. BURKE] is entitled to 20 minutes and the gentleman from Texas [Mr. STEPHENS] 20 minutes.

Mr. BURKE of South Dakota. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. MILLER].

Mr. MILLER of Minnesota. Mr. Speaker, the purpose of this bill is to restore to certain Sioux Indians residing in the United States, the majority of whom now live in the State of Nebraska, and a minority of whom now live in southwestern Minnesota, certain rights which belong to them and which were taken from them by congressional act dated February 16, 1863. Just a word as to what those rights were.

These two bands were a portion of the Sioux Indians of the Northwest. There were four of the bands, the Wahpeton, the Sisseton, the Medewakanton, and the Wahpakoota. The Wahpakootas and the Medewakantons were the southern Indians, known more commonly as the "farmer" Indians. By three consecutive treaties, the first dated 1830, these Indians ceded to the United States Government a tract of land in northern Iowa and southern Minnesota, consisting of a little more than 2,000,000 acres, for which they received 2 cents per acre, given largely, almost exclusively, in the way of presents to the headmen of the tribe. In 1837 they made a second treaty, by which they ceded to the Government 32,000,000 acres of land, for which they received a little less than 10 cents per acre, to be paid only as interest on the entire amount, which amounted to about $15,000 per year, and was to be paid to the end of time. By a subsequent treaty, that of 1851, they ceded the balance of their lands in southern Minnesota to the United States, amounting to, approximately, 15,000,000 acres, for which they were to receive about 10 cents an acre, to be paid at the rate of $60,000 per year for a period of 50 years, which meant, as you see, in round numbers, about $3,000,000. These Indians were receiving these payments regularly from the Government. Of the $60,000 per year they received 13 annual payments from the time of the treaty up to 1863. There were certain conditions in southern Minnesota and

southeastern Dakota, in the fall of 1862, which resulted in what is known as the "Sioux outbreak."

There was a great many causes, which it is not necessary to enter into now, leading up to the outbreak. At all events, the outbreak was put down in a vigorous manner. In the inflamed condition of the public mind this body passed an act, following the suppression of the outbreak, by which were declared forfeited all the rights of these Indians to the property in the hands of the Government. It was an exceedingly drastic and an exceedingly harsh measure to enact. However, the Government then proceeded to select from among the many Indians then living those who participated in the outbreak. They numbered about 400, and these 400, with their families, were taken first to Rock Island, on the Mississippi River, and from thence into the State of Nebraska, numbering altogether about 2,000. There they have since remained. The others were left in the southern part of Minnesota.

These Indians lost every foot of land that they owned and every dollar of property they owned, not only the guilty, but the innocent as well. They then had a strip of land, one of the fairest portions of the Northwest, a strip 10 miles wide and stretching along the Minnesota River, in the southern part of the State of Minnesota. That has been taken from them, and since has been sold by the Government to settlers.

Of those Indians who were found guilty of participating in the outbreak, as is well known, 38 were hanged in the fall of 1863. After the minds of the people had been permitted to cool off, sober thought was forced to see that a great hardship had been committed upon these Indians. By a congressional act of a few years ago the treaty rights of the two upper bands, the Sissetons and Wahpetons, were entirely restored to them. This bill is intended to restore to the two lower bands of Indians the same rights that have heretofore been restored to the upper bands.

Now, a question may arise in the minds of some as to whether there is any particular reason, beyond the ordinary consideration of common humanity, why these rights should be restored, and in answer to that I would like to say that of all the Indians who participated in this outbreak to-day there are now living in the United States and Canada less than 50, and these particular Indians are excepted from enjoying any of the privileges of this bill. While there were some that committed great atrocities during that terrible outbreak, we must not be unmindful of the fact that the great bulk of these Indians did not participate in the outbreak and that many of them performed deeds of heroism in the protection of the whites and the protection of their property that stand unparalleled in the annals of history.

The SPEAKER. The time of the gentleman has expired.

Mr. STAFFORD. I would like to ask the gentleman what privileges were granted under the annuities?

Mr. FERRIS. Mr Speaker, I would like to have a few minutes in which to address the House.

The SPEAKER. The gentleman from South Dakota [Mr. BURKE] controls the time.

Mr. STEPHENS of Texas. Mr. Speaker, I yield five minutes to the gentleman from Oklahoma.

Mr. FERRIS. Mr. Speaker, I have no objection to the main purposes of this bill. The gentleman from Minnesota [Mr. MILLER] has made a very clear statement and a very sympathetic one, as well, covering this subject. But I have wondered a little about the last proviso, on page 6, with reference to the question of attorneys' fees. In my time I have not been over Populistic about the question of attorneys' fees, but I am inclined to think from recent experience in this House and from recent experience with attorneys'-fee matters generally that it is a bad idea for Congress and the Committee on Indian Affairs and the Government of the United States to incorporate a provision of this kind in a law. Here is the proviso:

Provided, That in no case shall the fees decreed by the court amount in the aggregate to more than 10 per cent of the amount of the judgment recovered, and in no event shall the aggregate amount exceed $25,000: *Provided further*, That the court shall by its decree distribute such fees equitably between the attorneys who have been or who may hereafter be employed by said bands of Indians in said cause.

Now, Mr. Speaker, the thought I have is this: If Congress begins now, or if it further pursues the idea of recognizing attorneys' fees, and recognizing the principle of prorating attorneys' fees around between lawyers, the result will be that lawyers will continue to dig up old claims, old judgments, equities, and treaty claims against the Government, and the thing that will stimulate them to do it is for the Government to recognize the fees that are to be paid.

I repeat, I do not want to grow so fanatical and Populistic as to think that lawyers are not entitled to fees for services rendered in a legal way, because I believe they are, but I am emphatic in the belief that it is bad policy for Congress to make recognition of fees in cases of this character.

Mr. MONDELL. Will not this limitation of the amount that can be allowed for fees discourage the very sort of thing that the gentleman desires to discourage?

Mr. FERRIS. A $25,000 fee is not very discouraging to a Washington lawyer.

Mr. MONDELL. Except for this limitation could they not make a contract with the Indians for a larger amount? Was it not the intent to place a limitation upon it?

Mr. FERRIS. We have a large number of cases in which it is provided that the contract is of no effect unless approved by the President or the Secretary of the Interior.

Mr. MONDELL. Without this limitation, might it not be possible that the attorneys' fees would be very much larger?

Mr. FERRIS. No; because unless the Secretary of the Interior, the President, or Congresss approves it no contract they could make would have any force whatever. Noncompetent Indians can not make contracts.

Mr. MANN. The gentleman has referred only to the proviso. Has the gentleman noticed that the previous portion of the bill provides for the determination of the fees upon a quantum meruit, without any limitation, unless this limitation goes in.

Mr. FERRIS. I understand that.

Mr. STEPHENS of Texas. Not to exceed 10 per cent.

Mr. MANN. Is the gentleman opposed to that part of the bill? He only called attention to the proviso.

Mr. FERRIS. The thought I desire to express is simply this: I do not believe that Congress ought to make any recognition whatever of these old, rusty, stale Indian claims against the Government, dug up or trumped up by attorneys here and there.

Mr. STEPHENS of Texas. How does the gentleman think the attorneys' fees should be regulated? I ask for information.

Mr. FERRIS. The Interior Department has ample authority to employ attorneys at fixed salaries to transact the business of the Indians.

Mr. KOPP. Does the gentleman think better results can be attained by having the Indian Department approve the method of payment and the contracts than can be obtained by having Congress give its approval?

Mr. FERRIS. As the gentleman will recollect, that was a mooted question in the closing days of the last Congress. I have no fixed opinion about that, but I do have an emphatic opinion about Congress fixing the amount that they shall charge in a specific case, when we do not know whether they have any claim at all.

Mr. MANN. This only says that the fees shall not exceed a certain amount. It does not fix the amount of the fees.

Mr. FERRIS. The attorneys are usually industrious enough to get not only what Congress authorizes them to get, but a good deal more.

Mr. MANN. That is the reason I think the limitation is a good one.

Mr. STEPHENS of Texas. I yield to the gentleman from Nebraska [Mr. LATTA].

Mr. LATTA. Mr. Speaker and gentlemen, this is a very meritorious bill. The Indians for whose benefit the passage of the bill is asked are residents of my district. I am acquainted with nearly all of them. They are very poor Indians. As the gentleman from Minnesota explained the reason why they are in this condition, it is not necessary for me to go over it. I hope the bill will pass.

Mr. BURKE of South Dakota. Mr. Speaker, I desire to say a word in reply to the gentleman from Oklahoma [Mr. FERRIS], and that is that this bill has been on the calendar since May 24, 1910, and there have been several protests against the proviso to which the gentleman has called attention, and all from attorneys that are hoping to get some part of the fee that will be paid in this case. The gentleman from Oklahoma is the first one that I have heard to make any objection to that proviso.

The SPEAKER. The question is on the motion.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

SALE OF BURNT TIMBER ON PUBLIC LANDS.

Mr. HAMER. Mr. Speaker, I move to suspend the rules and pass the bill (S. 9957) to authorize the sale of burnt timber on the public lands, and for other purposes, with the committee amendment and another amendment which I send to the desk. I ask that the Clerk read the bill as amended.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, under such rules and regulations as he may prescribe, to sell and dispose of to the highest bidder, at public auction or through sealed bids, timber on lands of the United States, outside of national forests, not covered by a valid subsisting location or entry made prior to December 1, 1910, and which has not been abandoned or canceled, that may have been killed or seriously damaged by forest fires prior to December 1, 1910, the proceeds of the sale of such timber on lands within the States and Territories named in section 1 of the act entitled "An act appropriating the receipts from the sale and disposal

of public lands in certain States and Territories to the construction of irrigation works for the reclamation of arid lands," approved June 17, 1902, shall be deposited in and form a part of the "reclamation fund" described in said section, and the proceeds of such timber on lands in other States and Territories than those named in said section shall pass into and form a part of the general funds of the Treasury.

SEC. 2. That the Secretary of the Interior, under regulations to be prescribed by him, is hereby authorized, upon application by the claimant, *to permit the* sale of timber killed or seriously damaged by forest fires prior to December 1, 1910, on any lands of the United States embraced within any valid subsisting location, selection, or entry made prior to the 1st day of December, 1910: *Provided*, That timber on such lands within the exterior boundaries of national forests shall be disposed of under joint regulations prescribed by the Secretary of Agriculture and Secretary of the Interior.

The SPEAKER. Is a second demanded?

Mr. FERRIS. I demand a second, Mr. Speaker.

Mr. STAFFORD. I demand a second.

The SPEAKER. Is the gentleman from Oklahoma opposed to the bill?

Mr. FERRIS. I am not sure; I want to hear some explanation of it.

The SPEAKER. Is the gentleman from Wisconsin opposed to the bill?

Mr. STAFFORD. I am in the same attitude.

The SPEAKER. The gentleman from Oklahoma demands a second. Under the rule a second is ordered, and the gentleman from Idaho has 20 minutes and the gentleman from Oklahoma 20 minutes.

Mr. HAMER. Mr. Speaker, this bill is designed to cover the condition that exists by reason of forest fires in the Northwestern States occurring during the latter part of the year just ended. It is well known by Members of the House that large areas of timber were killed or more or less damaged by fire. Under the existing law the Secretary of the Interior has no authority to dispose of this timber. I desire to suggest to the House at this time a fact which may not be generally known—that timber that has been burned over becomes useless unless cut and sawed into lumber within a very short time.

This bill is designed to permit the Secretary of the Interior to dispose of the timber on the public lands of the United States, in order that the Government may receive compensation for timber that otherwise would be a dead loss. It is also designed to permit those who have a valid and subsisting location or entry to dispose of timber under the direction of the Secretary. Under the existing law, of course, they can not do this. In one instance the Secretary is authorized to dispose of the timber and in the other he is authorized to permit the sale of the timber under proper regulations.

The SPEAKER. The question is on the motion of the gentleman from Idaho.

The question was taken; and (two-thirds having voted in favor thereof) the bill was passed.

OSAGE INDIANS IN OKLAHOMA.

Mr. McGUIRE of Oklahoma. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 32348) supplementary to and amendatory of the act entitled "An act for the division of the lands and funds of the Osage Nation of Indians in Oklahoma," approved June 28, 1906, and for other purposes, with the committee amendments.

The Clerk read the bill as amended, as follows:

Be it enacted, etc., That from and after the approval of this act all allotments belonging to members of the Osage Tribe of Indians, except homesteads, be, and the same hereby are, declared subject to taxation, under the laws of the State of Oklahoma, from and after issuance of the certificate of competency or removal of restrictions on alienation: *Provided*, That inherited lands shall be subject to taxation from and after the date of death of the allottee; and until said lands be partitioned or sold the Secretary of the Interior be, and he hereby is, authorized to pay the taxes on said land out of moneys due and payable to the heirs from the segregated decedent's funds in the Treasury of the United States.

SEC. 2. That the Secretary of the Interior be, and he hereby is, authorized, where the same would be to the best interests of Osage allottees, and the same is recommended by the Osage council, to permit the exchange of homesteads or other allotments, or any portions thereof, of Osage allottees under such rules and regulations as he may prescribe and upon such terms as he shall approve: *Provided*, That where a homestead or homesteads pass in the exchange, in whole or in part, an equivalent in value of land suitable for agricultural purposes shall be furnished, to be designated as a homestead. The new homestead shall be subject to the same restrictions as the original homestead. The Secretary shall have authority to do any and all things necessary to make these exchanges effective.

SEC. 3. That the property of deceased and of orphan minor, insane, or other allottees of the Osage Tribe incompetent under the laws of the State of Oklahoma shall, in probate matters, be subject to the jurisdiction of the probate courts of the State of Oklahoma, but a copy of all papers filed in the probate court shall be served on the superintendent of the Osage Agency at the time of filing, and said superintendent is authorized, whenever the interests of the allottee requires, to appear in the probate court for the protection of the interests of the allottee. The superintendent of the Osage Agency or the Secretary of the Interior, whenever he deems the same necessary, may investigate the conduct of executors, administrators, and guardians or other persons having in charge the estate of any deceased allottee or of minors or persons incompetent under the laws of Oklahoma, and whenever he shall be of opinion that the estate is in any manner being dissipated or wasted or is being permitted to deteriorate in value by reason of the negligence, carelessness, or incompetency of the guardian or other person in charge of the estate, the superintendent of the Osage Agency or the Secretary of the Interior or his representative shall have power, and it shall be his duty, to report said matter to the probate court and take the necessary steps to have such case fully investigated, and also to prosecute any remedy, either civil or criminal, as the exigencies of the case and the preservation and protection of the interests of the deceased allottee or his estate or of the minor or incompetent person may require, the costs and expenses of the civil proceedings to be a charge upon the estate of the allottee or upon the executor, administrator, guardian, or other person in charge of the estate of the allottee or of the minor or incompetent person and his surety, as the probate court shall determine. Every bond of the executor, administrator, guardian, or other person in charge of the estate of any Osage allottee shall be subject to the provisions of this section and shall contain therein a reference hereto: *Provided*, That no guardian shall be appointed for a minor whose parents are living, unless the estate of said minor is being wasted or misused by such parents: *Provided further*, That no land shall be sold or alienated under the provisions of this section without the approval of the Secretary of the Interior.

SEC. 4. That any minor female Osage allottee who has reached the age of 18 years and whose parents are not living or who has had a guardian previously appointed shall be entitled to have the same care and control and the profits thereof of her lands and moneys as is provided by law for adult Osage allottees, and the Secretary of the Interior shall pay to such minor her annuities and royalties the same as to adult Osage allottees.

SEC. 5. That the Secretary of the Interior be, and he hereby is, authorized, in his discretion, to remove restrictions upon alienation of all or only a described portion of the surplus lands of any Osage allottee, whereupon all such surplus lands or the described portion thereof permitted to be alienated shall become taxable. Public records shall be kept at the office of the register of deeds for Osage County showing what land each allottee is authorized to alienate.

SEC. 6. That the Secretary of the Interior, in his discretion, hereby is authorized, under rules and regulations to be prescribed by him and upon application therefor, to turn over to Osage allottees, including the blind, crippled, aged, or helpless, all or part of the funds in the Treasury of the United States to their individual credit: *Provided*, That he shall be first satisfied of the competency of the allottee or that the release of said individual trust funds would be to the manifest best interests and welfare of the allottee: *Provided further*, That no trust funds of a minor, of a person so afflicted as above mentioned, or an allottee non compos mentis shall be released and paid over except upon the appointment of a guardian and an order of the proper court and after the filing and approval by the court of a sufficient bond conditioned to faithfully administer the funds released and the avails thereof.

SEC. 7. That from and after the approval of this act the lands of deceased Osage allottees, unless the heirs desire to and can agree as to partition of the same, may be partitioned or sold upon proper order of the county court of Osage County, State of Oklahoma, in accordance with the laws of the State of Oklahoma: *Provided*, That no partition or sale of the restricted lands of a deceased Osage allottee shall be valid until approved by the Secretary of the Interior. Where some of the heirs are minors, the county court may appoint a guardian for said minors in the matter of said partition, and partition of said land shall be valid when approved by the county court and the Secretary of the Interior. When the heirs of such deceased allottees have certificates of competency or are not members of the tribe, the restrictions on alienation are hereby removed as to such heirs. If some of the heirs are competent and others have not certificates of competency, the proceeds of such part of the sale as the competent heirs shall be entitled to shall be turned over to them without the intervention of an administrator. The shares due minor Indian heirs, including such Indian heirs as may not be tribal members and those Indian heirs not having certificates of competency, shall be turned into the Treasury of the United States and placed to the credit of the Indians upon the same conditions as attach to segregated shares of the Osage national fund, or paid to the duly appointed guardian, or be disbursed in such manner and to such extent as the Secretary of the Interior may determine. The same disposition as herein provided for with reference to the proceeds of inherited lands sold shall be made of the money in the Treasury of the United States to the credit of deceased Osage allottees.

SEC. 8. That the lands allotted to members of the Osage Tribe shall not in any manner whatsoever, or at any time heretofore or hereafter, be encumbered, taken, or sold to secure or satisfy any debt or obligation contracted or incurred prior to the issuance of a certificate of competency or removal of restriction on alienation, nor shall the lands or funds of Osage tribal members be subject to any claim against the same arising prior to grant of a certificate of competency. That no lands or moneys inherited from Osage allottees shall be subject to or be taken or sold to secure the payment of any indebtedness incurred by such heir prior to the time such lands and moneys are turned over to such heirs: *Provided, however*, That inherited moneys shall be liable for funeral expenses and expenses of last illness of deceased Osage allottees, to be paid upon order of the Secretary of the Interior.

SEC. 9. That any adult member of the Osage Tribe of Indians may dispose of any or all of his estate, real, personal, or mixed, including trust funds from which restrictions as to alienation have not been removed, by will, in accordance with the laws of the State of Oklahoma: *Provided*, That no such will shall be admitted to probate or have any validity unless approved by the Secretary of the Interior.

SEC. 10. That the word "competent," as used in this act, shall mean a person to whom a certificate has been issued authorizing alienation of all the lands comprising his allotment, except his homestead.

SEC. 11. That with respect to this agency the Secretary of the Interior shall have authority to expend for regular employees and other necessary expenses under existing laws a sum not exceeding $40,000 annually, and the restrictions upon the employment of white persons are hereby removed as to this agency.

SEC. 12. That all acts or parts of acts inconsistent herewith be, and the same hereby are, repealed.

The SPEAKER. Is a second demanded?

Mr. STEPHENS of Texas. I demand a second.

The SPEAKER. Under the rule a second is ordered; and the gentleman from Oklahoma has 20 minutes and the gentleman from Texas 20 minutes.

Mr. McGUIRE of Oklahoma. Hr. Speaker, In 1906 the Osage Indians in Oklahoma were given their allotment. They had 657

acres of land each. The allotment act was very brief. It left a number of things unprovided for that this bill seeks to remedy. Under the original allotment act there was a homestead of 160 acres, and the difference between the homestead of 160 acres and 657 acres under that act was called surplus land. The present law is that the Secretary, upon investigation, may issue to the Osage allottee a certificate of competency, and when that certificate is issued the person of Indian blood can dispose of his surplus land, but not his homestead. In a number of instances the Secretary feels that the Indians can be trusted with a portion of his surplus, but not all, and this bill seeks to remedy that. At present the Secretary can not issue a certificate for a portion of the surplus lands without that applying to all of it, and this is one of the things the bill seeks to remedy.

Another condition that exists is that the original allotment act in the present law provides that this land shall not be taxed for three years. The question has now arisen as to whether this land can be taxed at the expiration of three years, and suits have been begun or the cases are now in course of preparation, and there is going to be heavy litigation. It is the desire of the persons interested, both the taxpayers and the Indians, to have this matter settled, and this bill seeks to remedy that condition and stop those suits. It is recommended by the Secretary of the Interior, in fact he prepared the bill——

Mr. MANN. Where? Why did not we have a report from the Secretary on this bill?

Mr. McGUIRE of Oklahoma. The Secretary has reported it.

Mr. MANN. If he has reported it, why is not the report published in the report of the committee?

Mr. McGUIRE of Oklahoma. I do not know. The Secretary drew this bill.

Mr. MANN. I notice four or five other bills referred to in the report, but this bill is not.

Mr. McGUIRE of Oklahoma. There is a report upon a Senate bill identical with it as amended.

Mr. MANN. We have no way of knowing or examining the Senate bill. Besides, the Secretary recommended an amendment on the Senate bill, and the committee has made amendments on this bill.

Mr. McGUIRE of Oklahoma. Every amendment on this bill and every portion of the bill has been submitted to the Secretary of the Interior, and he has recommended it, and this report we have here from the Interior Department applies to the subject matter in this bill and other bills, which the Secretary has recommended.

Mr. MANN. Oh, yes; the gentleman knows that, but here is a bill introduced on February 1 and reported on February 21, and there was ample time to get a report from the Secretary of the Interior which is not forthcoming and which ought to be forthcoming and printed in the report. This is a technical matter about which Members of the House can not be thoroughly conversant, and they have the right to expect that the committee will furnish a report from the department, whether favorable or unfavorable.

Mr. STEPHENS of Texas. There was an attorney from the department, if I remember correctly, who was with us at the time we were considering this bill.

Mr. MANN. I do not doubt the gentleman's word, but that is a statement that any gentleman can make about a bill. That may be a matter of opinion. It is easy enough to send a bill to the department and have them report upon the bill.

Mr. McGUIRE of Oklahoma. Mr. Speaker, I yield to the gentleman from South Dakota [Mr. BURKE].

Mr. BURKE of South Dakota. Mr. Speaker, this bill was the result of a bill which had been previously introduced, which bill was referred to the department, and I will say that after the bill had been considered to some extent a new bill was introduced. That bill was prepared in the department by the representatives of the Osage Indians participating in the matter of agreeing upon the bill, and when the matter came before the committee it was indorsed by all hands—by the department, by the Indians—and there were three real Indians before the committee, representative Indians, one of them the present governor of the Osage Nation, and the bill represents, as I have already stated, what the department desires and what the Indians wish, and I think is free from any objection and ought to pass.

Mr. McGUIRE of Oklahoma. Also the people of the county were represented by different persons.

Mr. BURKE of South Dakota. Everybody was for this bill. I sent down for the hearings, thinking perhaps there might be some question raised as to what transpired, and there was no final report upon the bill as it is now before the House, and I believe that is what the gentleman is criticizing.

Mr. CLARK of Missouri. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. The Chair sustains the point of order.

Mr. MANN. Mr. Speaker, I move that the House do now adjourn.

WITHDRAWAL OF PAPERS—SHIBLEY SHEPARD.

By unanimous consent, Mr. DENBY was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of Shibley Shepard, Sixty-first Congress, no adverse report having been made thereon.

LEAVE TO PRINT.

By unanimous consent, leave was granted to Mr. DAVIDSON to print a brief hearing before the Committee on Railways and Canals on the commerce of the Great Lakes.

VALIDATION OF CERTAIN HOMESTEAD ENTRIES.

Mr. MONDELL. Mr. Speaker, I will ask the gentleman from Illinois if he will withhold his motion for a moment that I may submit the following resolution (H. Con. Res. 63), which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the President of the United States be, and hereby is, requested to return to the House the bill (H. R. 26290) providing for the validation of certain homestead entries.

Mr. MONDELL. Mr. Speaker, the bill was erroneously enrolled by inserting the word "than" instead of the word "that," and the resolution provides for the return of the bill to the House.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

LEAVE TO EXTEND REMARKS.

Mr. COLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the adoption of the constitution of New Mexico.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. AUSTIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Paymaster Hacker bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Then, in accordance with the motion previously made, the House (at 6 o'clock and 15 minutes) adjourned to meet on Thursday, March 2, 1911, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. MOORE of Pennsylvania, from the Committee on the District of Columbia, to which was referred the bill of the House (H. R. 27173) to regulate the storage of food supplies in the District of Columbia, reported the same without amendment, accompanied by a report (No. 2278), which said bill and report were referred to the House Calendar.

Mr. HUGHES of New Jersey, from the Committee on Railways and Canals, to which was referred the bill of the House (H. R. 32910) to authorize the construction of a canal connecting the Hackensack River with Berrys Creek at Rutherford, in the State of New Jersey, reported the same with amendment, accompanied by a report (No. 2279), which said bill and report were referred to the House Calendar.

Mr. ADAIR, from the Committee on Claims, to which was referred the bill of the Senate (S. 9874) to refund to the Gate of Heaven Church, South Boston, Mass., duty collected on stained-glass windows, reported the same without amendment, accompanied by a report (No. 2280), which said bill and report were referred to the Private Calendar.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON: A bill (H. R. 32975) granting an increase of pension to John Gruver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 32976) granting an increase of pension to Jacob Henry; to the Committee on Invalid Pensions.

By Mr. ANDREWS: A bill (H. R. 32977) granting an increase of pension to Martha McGregor; to the Committee on Invalid Pensions.

By Mr. CRAIG: A bill (H. R. 32978) for the relief of George W. Underwood; to the Committee on War Claims.

Also, a bill (H. R. 32979) for the relief of the estate of Samuel H. Allison, deceased; to the Committee on War Claims.

By Mr. FINLEY: A bill (H. R. 32980) to remove the charge of desertion against David R. Lane; to the Committee on Military Affairs.

Also, a bill (H. R. 32981) for the relief of the estate of A. E. Hutchison; to the Committee on War Claims.

By Mr. LAFEAN: A bill (H. R. 32982) granting a pension to Benjamin W. Unger; to the Committee on Pensions.

By Mr. LANGLEY: A bill (H. R. 32983) for the relief of Riley Howard; to the Committee on War Claims.

By Mr. MORGAN of Missouri (by request): A bill (H. R. 32984) for the relief of the Ottawa Indian tribe of Blanchard Fork and Rouch de Boeuf; to the Committee on Indian Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK:-Petition of J. C. Barton and 15 other citizens of Creston, Ohio, against increase of postage on magazines; to the Committee on the Post Office and Post Roads.

Also, petition of Blue Ridge Grange, No. 1448, of Coshocton County, Ohio, against Canadian reciprocity; to the Committee on Ways and Means.

By Mr. BARCLAY: Petition of Washington Camps No. 372, of Woodland, and No. 591, of Clearfield, Pa., Patriotic Order Sons of America, for House bill 15413; to the Committee on Immigration and Naturalization.

Also, petition of Leafydale Grange, No. 1268, Patrons of Husbandry, of Custer City, Pa., for Senate bill 5842; to the Committee on Agriculture.

By Mr. BOOHER: Petition of 51 citizens of Fillmore and 46 citizens of Oregon, Mo., against parcels-post system; to the Committee on the Post Office and Post Roads.

By Mr. BURLEIGH: Petition of Charles F. Flynt, commissioner on federal relations of the Maine Legislature, against Canadian reciprocity; to the Committee on Ways and Means.

By Mr. CALDER: Petition of the Manufacturer's Association of New York City, favoring increase of second-class postage rates; to the Committee on the Post Office and Post Roads.

By Mr. CRAIG: Paper to accompany bill for relief of Samuel H. Allison; to the Committee on War Claims.

By Mr. DUREY: Petitions of the Woman's Home Missionary Societies of Round Lake, Waterford, Ballston Spa, and Green Island, all in the State of New York, favoring the enactment of the Miller-Curtis bill, and other prohibition legislation; to the Committee on Alcoholic Liquor Traffic.

Also, petition of the Glens Falls Chapter of the American Woman's League, against increase of postage on second-class mail matter; to the Committee on the Post Office and Post Roads.

By Mr. ESCH: Petition of the Sunday School Council of Evangelical denominations, against increase of postal rates on second-class matter; to the Committee on the Post Office and Post Roads.

By Mr. FOCHT: Petition of C. H. Miller Hardware Co. and other merchants of Huntingdon, Pa., against a parcels-post system; to the Committee on the Post Office and Post Roads.

By Mr. FORNES: Petition of Collier's Weekly, against increase of postage on magazines; to the Committee on the Post Office and Post Roads.

Also, petition of the American Bonding Co., of Baltimore, against an appropriation of $200,000 for the establishment of a bonding bureau under the direction of the Treasury Department; to the Committee on Appropriations.

By Mr. FULLER: Petition of County Line Grange, No. 1751, of Illinois, against Canadian reciprocity; to the Committee on Ways and Means.

Also, petition of ladies of Shabbona, Ill., for the Carter-Weeks bill and against increase of postage on magazines; to the Committee on the Post Office and Post Roads.

Also, petition of the National Piano Manufacturing Co. of America, for Canadian reciprocity; to the Committee on Ways and Means.

By Mr. GORDON: Petition of citizens of the tenth Tennessee district, against a parcels-post system; to the Committee on the Post Office and Post Roads.

By Mr. HAWLEY: Memorial of State of Oregon relative to irrigation; to the Committee on Irrigation of Arid Lands.

Also, memorial of State of Oregon for a full and complete parcels post; to the Committee on the Post Office and Post Roads.

Also, petition of citizens of Oregon, against a parcels-post system; to the Committee on the Post Office and Post Roads.

By Mr. HENRY of Connecticut: Petition of State Central Pomona Grange of Connecticut, for an enlarged and improved parcels post; to the Committee on the Post Office and Post Roads.

By Mr. HIGGINS: Petition of Lebanon, New London, Ashford, and Lenexet (Conn.) Granges, for a full and complete parcels-post system; to the Committee on the Post Office and Post Roads.

Also, petition of Salem (Conn.) Grange, against Canadian reciprocity; to the Committee on Ways and Means.

By Mr. JAMES: Petition of Local No. 171, Willard, Ky., for House bill 15413; to the Committee on Immigration and Naturalization.

By Mr. LOUD: Petition of Religious Liberty Society of the Seventh-Day Adventist Church, Bay City, and 45 other residents of Bay City, Mich., against Senate bill 404 and House joint resolution 17; to the Committee on the District of Columbia.

Also, petition of Bentley Grange, No. 822, Patrons of Husbandry, against Canadian reciprocity; to the Committee on Ways and Means.

Also, petition of A. A. Keller and 30 other residents of Bentley, Mich., for a full and complete parcels post; to the Committee on the Post Office and Post Roads.

By Mr. McMORRAN: Petition of W. C. Worden and 56 other citizens of Atkins; A. I. Morrison and others, of Lapeer; and Mr. Percy Edgeworth and others, of Fostoria and Otter Lake, against Senate bill 404 and House joint resolution 17; to the Committee on the District of Columbia.

By Mr. MAGUIRE of Nebraska: Petition of citizens of College View, Nebr., against Senate bill 404 and House joint resolution 17; to the Committee on the District of Columbia.

By Mr. MONDELL: Memorial of Legislature of Wyoming, for a full and complete parcels post; to the Committee on the Post Office and Post Roads.

Also, memorial of the Legislature of Wyoming, for legislation relative to conservation; to the Committee on Irrigation of Arid Lands.

By Mr. RAINEY: Petition of citizens of the twentieth congressional district of Illinois, for a parcels-post law; to the Committee on the Post Office and Post Roads.

Also, petition of 166 merchants and business men of the twentieth Illinois congressional district, against the establishment of a local rural parcels-post service; to the Committee on the Post Office and Post Roads.

By Mr. SHEFFIELD: Petition of Local No. 1695, United Brotherhood of Carpenters and Joiners of America, Providence, R. I., for House bill 15413; to the Committee on Immigration and Naturalization.

By Mr. SMITH of Michigan: Petitions of W. L. Ingalls and 35 others, Hattie Losey and 20 others, S. C. Goodrich and 11 others, N. C. Roberts and 14 others, W. C. Roberts and 20 others, Ashbang Grange and others, Geo. H. Williams and 77 others, Peter Foley and 45 others, and C. A. Mapes and 30 others, for a full and complete parcels-post system; to the Committee on the Post Office and Post Roads.

By Mr. STURGISS: Petition of Grafton Baptist Church, Grafton, W. Va., favoring the Burkett-Sims bill; to the Committee on the Judiciary.

By Mr. SULZER: Petition of John A. Griffin against the bonding-bureau item of the deficiency bill; to the Committee on Appropriations.

Also, petition of the Sunday School Council of Evangelical Denominations against increase in postage on second-class matter; to the Committee on the Post Office and Post Roads.

By Mr. TILSON: Petitions of Bridgewater, Aspetuck Valley, Kent, Ridgefield, Central Pomona, Burritt, Farmington, Avon, East Hampton, and Clinton Granges, all in the State of Connecticut, for a full and complete parcels-post system; to the Committee on the Post Office and Post Roads.

Also, petitions of Rippowan Grange, No. 145, and granges of Danbury, Lebanon, Greenfield Hill, New London County, and Senexet, all in the State of Connecticut, for a full and complete parcels-post law; to the Committee on the Post Office and Post Roads.

By Mr. TOWNSEND: Petitions of N. P. Hale and 33 others and Blake Cole and Ed Andrews, of Eaton County; and W. B. Pinch and seven others, for a parcels-post system; to the Committee on the Post Office and Post Roads.

Also, petition of citizens of Kalamazoo, Mich., insisting that the battleship *New York* be built in a Government navy yard, in compliance with the law of 1910, and for eight-hour clause of naval appropriation bill; to the Committee on Naval Affairs.